

Material  
Issue

# 1

## Adaptation to and Mitigation of Climate Change

Global climate change is reflected in the increasing incidence of major disasters triggered by abnormal weather phenomena, including giant hurricanes and massive floods. Adaptation to climate risk is a vital management priority for insurance companies. At the same time, climate change means positive business opportunities. Sompo Japan has made the development of new insurance and financial services a priority in this context. A key focus is the provision of risk finance in developing countries, which are especially vulnerable to the effects of climate change.

Sompo Japan is also helping to mitigate the impact of climate change by working with international organizations to create a low-carbon society. Together with the agencies that form part of our value chain, we are accelerating specific medium-term and long-term measures, including the reduction of CO<sub>2</sub> emissions and paper use. Sompo Japan is also working in partnership with customers and other stakeholders to promote safe and ecologically responsible driving, and to promote the use of recycled parts for repairs to vehicles damaged in accidents.

### 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 CO<sub>2</sub> reduction strategy (set mid- and 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 –

- Adaptation to and mitigation of climate change integrated into core management strategy
- Comprehensive paper use management plan formulated and full-scale document management system introduced
- Eco and Safety Drive Contests launched

Please see the Data Book  p4, 6–16 for more details.



## Impact on Biodiversity and Document Management

In FY2008, Sampo Japan used 9,407 tons of paper, and in consideration of the impact on climate change and biodiversity, we have taken action to reduce paper consumption. In April 2009, we established the Comprehensive Management Plan for Paper Use, and through strategic measures implemented throughout the company, managed to reduce paper consumption for FY2009 by 12.1% year on year.

### Impact on Forests and Biodiversity

Sampo Japan needs to use substantial amounts of paper in all its services and business processes in the form of insurance pamphlets, application forms, certificates and other documentation, and this has an impact on forests. Having recognized this, and while striving to reform all operations throughout the company to substantially reduce paper consumption, we are also studying initiatives in our insurance and financial services and other operations that will benefit biodiversity.

We are also showing leadership in supporting biodiversity-related NGOs, as shown by our former President and CEO now serving as Vice Chairman of the Keidanren Committee on Nature Conservation.

### Launching a Comprehensive Management Plan for Paper Use

We have established a cross-sectional Document Management Working Group to drastically reduce paper consumption. Company-wide management combined with ongoing study of methods to reduce usage has resulted in an 8.4% reduction from FY2008.

Furthermore, in April 2009, we formulated the Comprehensive Management Plan for Paper Use, thereby establishing an effective company-wide document management system based upon the PDCA cycle. By managing paper in terms of both weight and cost, and by reforming and centralizing business processes, we are implementing even more strategic reductions in paper consumption. As a result, in FY2009 Sampo Japan reduced company-wide paper consumption on a weight basis by 12.1% year on year to a total of 8,273 tons, surpassing the target of an 11.4% reduction to 8,334 tons.

### Success of the Print Network and e-Books

The greatest contributions to these reductions come from the introduction of our Print Network in October 2008. This enables viewing of insurance materials over a network connecting all Sampo Japan branches and 35,000 agen-

cies nationwide, and as of February 2009, agencies are able to order printed materials directly if necessary.

This system also contributes to prompt information distribution and greater operational efficiency, as it negates the need for sales persons to deliver printed materials.

### Linkage with Full Deployment of PT-R

From FY2009, we have reviewed all business processes to be more customer-oriented, and have fully expanded the retail market business model reform project (PT-R), under which we are reviewing all service processes with a focus on information communication technologies (ICT) to make them more systematic and efficient.

One aspect of this project was the introduction in February 2010 of new features in the agency operations support system, which provides a paperless system in which renewal procedures for automobile insurance, a core business area, can be carried out online using PCs or mobile phones.

Also, from October 2009, we have been using a universal design font for our automobile insurance policy documentation. This is easy to read even at small font sizes, and has resulted in the documentation being 30 pages shorter. Also, using high-quality, thinner paper has reduced its total weight by 15g per book.

### FY2010 Initiatives to Further Reduce Annual Consumption by 6.9%

For FY2010, we have set the goal of reducing paper consumption by a further 6.9%. To this end, given the effectiveness of the Print Network in reducing paper consumption, we have set a target usage ratio of at least 55%, and aim to widen the introduction of the new system. During FY2010, as a part of PT-R, we are investigating whether to provide the certificate accompanying automobile insurance policies on the Internet only, or to give customers the option of having this delivered by mail. By determinedly moving to paperless processes, we aim to drastically reduce paper consumption.



## Mitigation of Climate Change throughout the Value Chain

In declaring our Eco-First Pledge to the Minister of the Environment in 2008, we have committed ourselves to the goal of reducing CO<sub>2</sub> emissions as of FY2002 by at least 40.5% by 2020, and 56.0% by FY2050. To achieve these goals, we are now progressing with planned updates to facilities and other measures aimed at mitigation of climate change.

### A Yearly 1% Reduction to Achieve Long-term CO<sub>2</sub> Emission Reduction Targets

Sompo Japan has established a long-term goal of “reducing our CO<sub>2</sub> emissions as of FY2002 by at least 56% by the year FY2050.” To meet this target, we are working to achieve a yearly average reduction of 1%. By the end of FY2009, this strategy had enabled us to achieve a 37.49% reduction over FY2002 levels.

Completed in 1976, our Head Office building in West Shinjuku, Tokyo has the highest CO<sub>2</sub> emissions. As we hope to be able to use this building for 100 years, we are implementing a long-term plan to put in place energy-saving measures, such as shifting to high-efficiency air-conditioning facilities, elevators, lighting and electrical transformer equipment. By the end of FY2009, the Head Office building had succeeded in reducing CO<sub>2</sub> emissions by 14% (10,353 tons-CO<sub>2</sub>) over the average value for the three-year period FY2002–FY2004.

As of FY2009, we are ascertaining and managing the progress of CO<sub>2</sub> emission quantities in other domestic branches on a per-branch basis. As well as data regarding consumption of electricity, gas, water, and paper, we are also using feedback from each branch to ensure that the required measures continue to be implemented. Other measures to reduce CO<sub>2</sub> emissions include changing purchasing standards for company vehicles from 1,500 cc to 1,300 cc, thereby promoting lower fuel consumption. The purchasing ratio of low-emission vehicles was 83.7% in FY2009, and a target of 85% has been set for FY2010. Furthermore, in cooperation with Nipponkoa, we have started Eco and Safety Drive Contests, which commend improvements to fuel efficiency and accident rates in company vehicles.

### Increasing the Use of Recycled Automobile Parts

In FY2009, in all service centers\* that respond to customer claims, we implemented a campaign promoting parts repair and use of recycled parts in vehicle repairs at repair

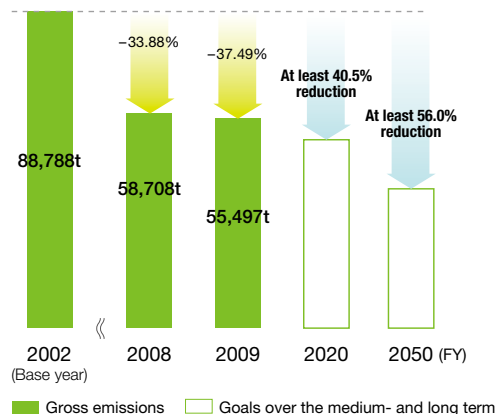
shops and dealers. This increased the amount of bumpers repaired and of recycled parts used nationwide, and we will continue to promote this initiative.

\* SC: Claims handling service centers, located throughout Japan.

### Green Purchasing System Adopted throughout the Value Chain

We support the various environmental initiatives of insurance agencies, who are a core part of our value chain. For example, expanding green purchasing among agencies is an effective means of reducing environmental impacts throughout the value chain. To that end, in July 2008 the Group adopted a green purchasing system that uses an Internet-based, centralized purchasing system together with J-SA, an organization of professional insurance agencies, and AIR JAPAN, an agency organization consisting mainly of automobile repair shops. This is the first attempt within Japan’s insurance industry to implement green purchasing through the adoption of the same system by nationwide agency organizations. Besides leading to reductions in CO<sub>2</sub> emissions, discounts for cooperative purchasing have also reduced purchasing costs for office supplies.

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



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



## Weather Index Insurance in Northeast Thailand

In January 2010, Sompoo Japan Insurance (Thailand) began to sell the weather index insurance in an effort to mitigate losses suffered by rice farmers due to drought in Khon Kaen Province in northeast Thailand. Expectations are growing internationally about the role of insurance, which is increasingly seen as an important adaptation measure for climate change. For this reason, the new product is marketed as part of a pilot project to verify the effectiveness of insurance in this regard.

### Three-year Research and Field Survey Program Launched in 2007

The weather index insurance introduced in January 2010 is marketed to loan customers of Thailand's Bank for Agriculture and Agricultural Cooperatives (BAAC).

If cumulative rainfall data published by the Thai Meteorological Department fall below a determined value, farmers receive insurance payments equivalent to 15% or 40% of the insured loan principal. In 2007, Sompoo Japan, Sompoo Japan Risk Management, Inc. and the Japan Bank for International Cooperation initiated a research project relating to new risk finance based on the establishment of adaptation measures for developing countries through public-private partnership.

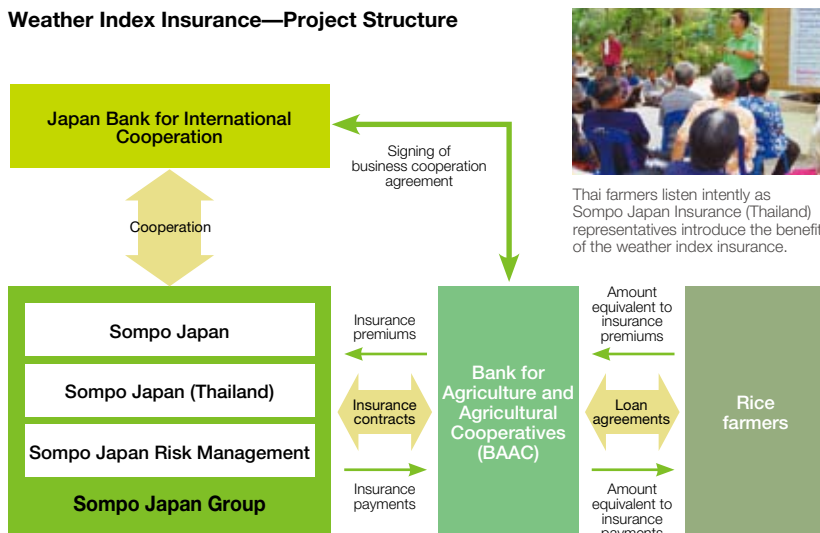
Findings from this research, together with weather derivative expertise accumulated by Sompoo Japan through its activities in Japan, were used to develop the weather index insurance. A field simulation, which did not involve actual payments and actual premiums, was initiated in May 2009, and actual sales of the product commenced in January 2010.

### International Expectations Focused on Private-sector Initiative

A ceremony for the launch of the new product was held in Bangkok, Thailand. Not only representatives of BAAC, but also Thailand's Minister of Finance and the Japanese Ambassador to Thailand, expressed high expectations about the potential of insurance products as a way of providing support to rice farmers, who are extremely vulnerable to the effects of natural disasters.

The new product has also been introduced by the United Nations Framework Convention on Climate Change and the World Business Council for Sustainable Development as an example of adaptation measures developed through public-private partnership. The first stage in the sales of the weather index insurance will continue until 2011. Sompoo Japan Group will, based on sales results, broadly consider action such as revising the product, expanding its availability to other provinces in Thailand, diversifying the type of crops for which it is available, and marketing it in other countries in the South Asia region.

### Weather Index Insurance—Project Structure



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



A ceremony for the launch of the new product at the Ministry of Finance of Thailand. From left: Sompoo Japan Insurance (Thailand) President Yuji Kawauchi and Chairman Surapon Vongradhanaraj, and BAAC President Luck Wajananawat.

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# 2

## Risk Management for Safety and Security

One Management Philosophy of the Sompo 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 the Sompo Japan Group has accumulated over many years to carry out loss control activities and formulate countermeasures against new strains of sustainability issues.



### Phase 1 2001 – 2005

Focused on loss control activities  
Started BCM\* consulting  
Started health promotion and disease prevention service for corporate employees

\*BCM=Business Continuity Management

### 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 –

Contributing to social safety and security through the provision of information and the expansion of consulting services  
Full-scale implementation of the New retail market business model reform project (PT-R) using dialog with customers

Please see the Data Book  p4, 27–30 for more details.



## Using Dialog with Consumer to Enhance Safety and Security

Sompo Japan is currently expanding the retail market business model reform project (PT-R). Under this project, we are actively engaging in dialog with consumers, and working to enhance the quality of our service both by developing customer-oriented insurance products, and by reviewing service processes from the initial drafting of an insurance contract through to payment of premiums and claims handling.

### Actively Embracing Dialog with Customers, and Using This in Management

Started in 2007, PT-R is now being expanded to individual customers, with focus on reform in four areas: Products, attracting business, points of contact with customers and service centers\*.

At the heart of these innovations lies what we call the "Voice of the Customer." We solicit Voice of the Customer (VOC) feedback in a variety of ways, including through agencies, branches, service centers, call centers, websites and questionnaire postcards. The complaints, opinions, requests, inquiries and other feedback we receive is centrally managed. The reasons behind the feedback as well as customers' needs are analyzed to increase our effectiveness in improving products and services.

In FY2009, we had approximately 450,000 items of VOC feedback. Analysis results of this data are shared between management personnel on the VOC Committee and department heads, and we are deploying a management system to ensure ongoing improvements. All depart-

ments are implementing improvements that incorporate VOC feedback, with over 100 such improvements already in place as a part of PT-R.

Feedback, context and improvements are disclosed in a *Voice of the Customer White Paper* published yearly, and on the company's website in a timely manner. Through measures such as these, we can maintain continuous communication with the greatest number of customers. In FY2009, we also welcomed consultants from the Japan Association of Consumer Affairs Specialists to carry out training at service centers nationwide, and have established venues for ongoing dialog with consumer groups. These measures are aimed at understanding the gap between customers' expectations of Sompo Japan and the reality, and using this information in business.

\* SC: Claims handling service centers, located throughout Japan.

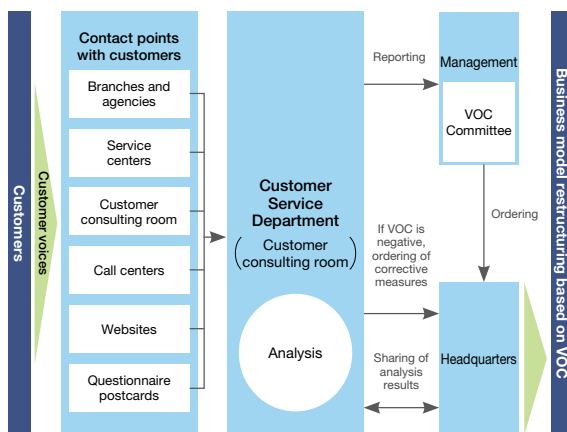
### Developing Accident Response Services that Enhance Customers' Peace of Mind and Satisfaction

Through our service centers, we are developing an insurance payout management system that will further enhance customer confidence. In FY2009, we took steps to achieve a uniformly high standard of quality in our accident response services by preventing missed payments, improving the knowledge and skills of our staff, and giving management stronger control over accident response processes.

The amended Insurance Act, which took effect in April 2010, is based on the first major revision of Japan's Commercial Code in a century. Under the new act, which emphasizes consumer protection, insurance companies will need to work even harder to protect their customers and provide convenient, timely and appropriate services.

We will continue our efforts to raise customer satisfaction by paying insurance claims within one month, and improving the knowledge and skills of our staff and the effectiveness of our process controls to ensure that communications with customers are handled in a timely and courteous manner.

### Management Structure Based on VOC Feedback



Disclosure of procedure used to gather VOC (Voice of the Customer White Paper and website)



## Comprehensive Risk Management Services for Sustainability

Sompo Japan Risk Management, Inc. (SJRM) has introduced environmental solution services related to environment-friendly real estate and the reduction of greenhouse gases by corporations. Through risk management services that help to resolve sustainability issues, the NKSJ Group contributes toward a safer society that brings people peace of mind.

### First CASBEE Certification Body in the Insurance Industry

SJRM offers environmental risk assessments, including assessments of soil pollution and asbestos contamination, as part of due diligence for real estate. Other services include global warming risk management consulting.

There is growing demand for eco-friendly real estate, and in July 2009 SJRM responded by introducing assessment and certification services under the Comprehensive Assessment System for Building Environment Efficiency (CASBEE) system. CASBEE grades buildings in five ranks based on comprehensive assessments of their environmental performance. Besides their performance in terms of environmental load reduction, such as energy and resource conservation and recycling, the quality of the buildings' working and/or living environments, including interior comfort and consideration for scenic values, is also assessed. SJRM will continue to provide wide-ranging solutions and services relating to added value and consideration for the environment in the real estate sector.

### Registration as Inspection Body for the Tokyo Cap and Trade System Targeting Large CO<sub>2</sub>-Emitting Business

In April 2010, the Tokyo Metropolitan Government amended its environmental ordinances to require major business establishments to reduce their total greenhouse gas emissions. It also introduced an emissions trading scheme. Over a five-year period starting in 2010, business sites that use large amounts of energy will be required to reduce their total greenhouse gas emissions. When reporting their emissions to the Tokyo Metropolitan Government, business sites covered by the scheme will be required to obtain third-party certification from a registered inspection body. As an inspection body registered with the Tokyo Metropolitan Government, SJRM will help businesses to implement climate change countermeasures by verifying their standard emission data each year during the period covered by the reduction scheme.

### Introduction of Low-Carbon Management Diagnosis Service

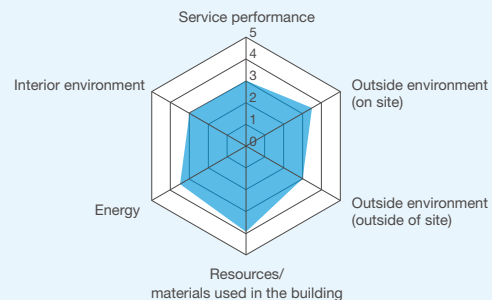
In April 2010, SJRM introduced a "low-carbon management diagnosis service" based on its accumulated expertise in both "soft" areas, such as structuring and support of environmental management systems, and "hard" areas, such as energy efficiency diagnosis systems for facilities and equipment.

Businesses will need to intensify their CO<sub>2</sub> reduction efforts following the tightening of related regulations, including amendments to the Rationalization in Energy Use Law and the introduction of CO<sub>2</sub> cap requirements by the Tokyo Metropolitan Government. Compliance with regulatory requirements aside, the reduction of greenhouse gas emissions can bring many benefits for the companies concerned, including greater financial strength and the improvement of corporate value through heightened stakeholder confidence.



Certification of CASBEE Accredited Certification Organization

### Example of CASBEE Assessment Result



Highlight

03

## Toward a Healthier Society and Improved Access to Advanced Medical Care

There is growing concern about the social risks caused by the health problems of individuals. The Sompo Japan Group aims to contribute toward greater health and happiness in society as a whole by working to improve the mental and physical health of corporate employees and offering disease prevention services throughout Japan. Another priority for the Group is to improve access to advanced medical care through the provision of health insurance.

### Creating Healthy Companies with Energized Employees

A key area in which we are introducing new risk management services to meet contemporary needs is support for the mental and physical health of corporate employees.

Zenkoku Houmon Kenko Shido Kyoukai KK has approximately 1,000 specialist staff stationed nationwide, including highly experienced hygienists, nurses and registered dietitians. These experts help to prevent lifestyle diseases by providing specific types of health advice and support services for pregnant women and the aged. Health counseling is tailored to individual needs so as to help each client to manage his or her health independently.

In Japan, mental health is an increasingly serious issue. For example, the number of people suffering from mood or emotional disorders now exceeds 1 million.

Sompo Japan Healthcare Services, Inc. provides extensive support in the area of mental health care, which has become a major priority in corporate management and human resource strategies. In particular, it has developed the *Mimosa* series of mental health support options. The approach used by Sompo Japan Healthcare Services to meet the diverse needs of corporate clients is based on

teams of medical staff with wide-ranging experience in industrial health.

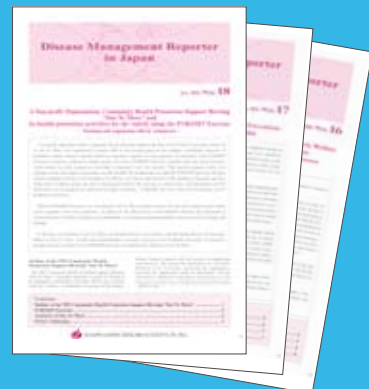
### Improving Access to Advanced Medical Care through Health Insurance

Advanced medical procedures not covered by public health insurance, such as particle beam radiotherapy for cancer, can be very expensive. Sompo Japan Himawari Life Insurance Co., Ltd. has led the industry in improving access to advanced medical treatment by raising social awareness of new medical technologies through its *Kenko no Omamori* ("health protection") whole-life health insurance, to which a rider can be attached that provides cover for the cost of advanced procedures. The company has earned acclaim for its efforts to inform customers about advanced treatment options, and in 2009 *Kenko no Omamori* won the Nikkei Veritas Award, the top award under the Nikkei Superior Products and Services Award program.

### Promoting Advanced Health Improvement and Preventive Care Initiatives

The Sompo Japan Research Institute Inc. contributes to the advancement of the health support business and a healthier society through surveys and research and informing in the healthcare field. Findings from its surveys, which are about innovative health improvement and preventive care initiatives in communities and businesses, are published in *Disease Management Reporter* (DMR). An English-language version of DMR is available free of charge on the company's website.

\* Disease management: This consists primarily of programs to prevent the conditions of chronically ill patients from becoming more serious.



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

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Issue

# 3

## Development and Implementation of CSR Financing

In November 2008, we announced our Eco-First Pledge. This was a declaration of our determination to contribute to the solution of social problems by using our core capabilities in insurance and finance to promote CSR financing.

In the area of lending and investment, we are also helping to build awareness of the importance of sustainable and responsible investment (SRI)\* as a way of contributing to sustainable development through flows of investment based on assessments of companies' efforts to ensure sustainability. We are also focusing on the development of products and services that support environmental initiatives by corporations. In addition to our contribution to sound social development through environmental finance and social capital development, we also apply the Principles for Responsible Investment to our own lending and investment processes by taking the environmental, social and governance (ESG) factors into account.

\* Sustainable and responsible investment: An approach to investment under which investment decisions are based not only on economic and financial criteria, but also on the material effect of a company's CSR initiatives, including its social, environmental and ethical performance, on its corporate value.

### 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 sustainable issues

### Phase 3 2009 –

Expansion and promotion of CSR financing

Please see the Data Book  p5 for more details.



## Highlight

## 01

## Promoting Sustainability through Finance

Since its establishment more than ten years ago, the *Sompo Japan Green Open* eco-fund has gained the support of a wide range of investors by investing in Japanese stocks that combine excellent environmental management with excellent value.

Sompo Japan applies the Principles for Responsible Investment (PRI) to its lending and investment processes and also takes environmental, social and corporate governance (ESG) issues into account.

### Consistent Investment Stance and Reliable Long-term Investment Performance

In September 1999, Sompo Japan Asset Management Co., Ltd. (SJAM) established Japan's second eco-fund, *Sompo Japan Green Open*. Since then, SJAM has consistently applied a management concept focused on reliable, long-term asset growth through investment in Japanese stocks that combine excellent environmental management with excellent value. This approach has gained the support of a wide range of investors, and at the end of March 2010 the fund had total assets of ¥17.7 billion. The fund has also provided long-term stable investment performance. Net Asset Value (NAV) per Unit (pre-tax dividend, reinvested) has exceeded the TOPIX benchmark by 23.63% since its establishment and by 9.59% in FY2009.

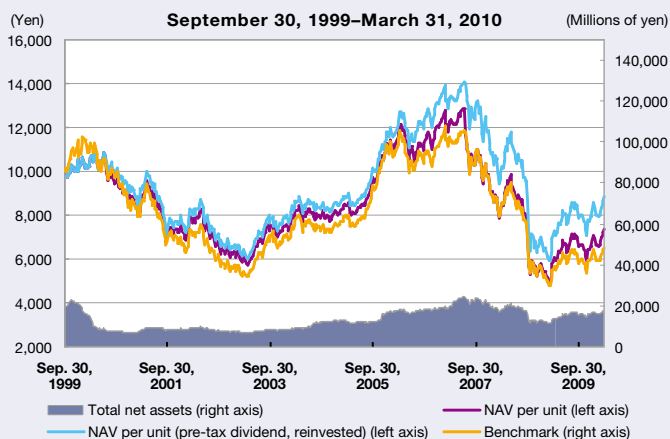
In addition to its excellent performance, the fund is highly regarded due to its consistent philosophy and management structure. In FY2009, the fund received an award for excellence as a Japanese stock investment

fund in Morningstar's Fund of the Year awards. It was also selected by Rating and Investment Information, Inc. for the top award in the Japanese SRI fund section of the 2009 R&I Fund Award. (These awards are based on performance over a specific period in the past and do not guarantee future investment returns.)

### Investment Methodology Based on Total Group Resources, Focus on Environmental Management

The selection of issues for investment begins with a wide-ranging analysis of the environmental management standards of listed companies by Sompo Japan Risk Management (SJM). This process includes questionnaire surveys, interviews and perusal of CSR reports. SJAM uses the results of this analysis to select an environmental universe, from which it chooses stocks that offer high investment value based on value analyses.

**Net Asset Value (NAV) per Unit  
*Sompo Japan Green Open* Eco-fund since its Establishment**

**Notes:**

- Net Asset Value (NAV) per unit with before-tax allocations, dividend reinvested is calculated as the value obtained when reinvesting all pretax dividends at their NAV per unit on the settlement date, by the investment company.
- Changes in NAV per unit are calculated using NAV per unit and NAV per unit with before-tax allocations, dividend reinvested.
- Asset management fees (1.575% of NAV, excluding dividends) are deducted when calculating NAV per unit.
- Changes in the benchmark (TOPIX, excluding dividends) are indexed at 10,000, the level at the inception date, by the investment company.
- The figures shown represent past results. No warranty is provided concerning future investment results.

### Encouraging Environmental Responsibility through Eco-fund Investment

Various aspects of *Sompo Japan Green Open* have been designed to encourage environmentally responsible behavior by companies. For example, companies that participate in questionnaire surveys implemented by SJRM receive feedback detailing assessment results. The content and weighting of questions used in these surveys are regularly reviewed, in line with changing social demands, to enable ever-more sophisticated and comprehensive environmental management analysis.

Information disclosure to investors includes monthly reports on all stocks included in the fund, together with brief environmental comments about each. There is also a quarterly newsletter with articles on current environmental topics. By regularly disclosing information, SJAM aims to enhance its environmental communication and attract more investors who support the fund's concept.

### Expanding SRI\* over the Next Decade

Interest in eco-funds and other forms of SRI has risen over the past decade. However, the SRI fund market is much smaller than in the West.

SJAM is working to expand support for SRI funds through various strategies, including expanding its lineup of such funds for private investors, and establishing eco-funds targeted toward financial institutions and other institutional investors. It is also raising awareness of SRI funds

through public lectures and presentations for pension fund investment consultants.

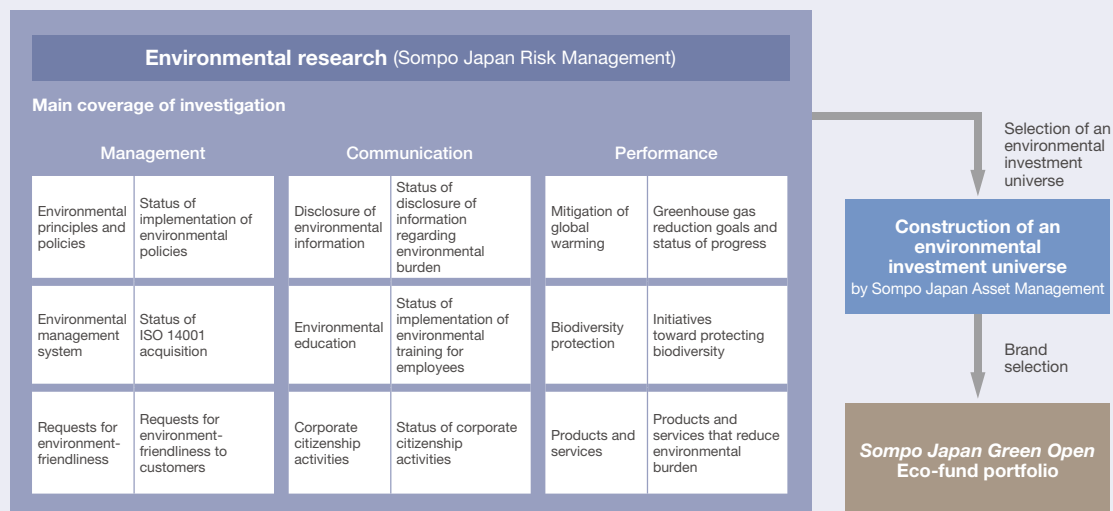
\* Sustainable and responsible investment (SRI): This is an investment methodology in which economic and financial indicators are not the only criteria for investment decisions. Considerable weight is also placed on the real effect of companies' CSR initiatives, including their social, environmental and ethical performance, on the value of stocks included in the fund.

### PRI-based Investment and Lending

As an investor signed for PRI, Sompo Japan also incorporates consideration for environmental, social and corporate governance (ESG) issues into the investment and lending processes. The achievement and/or effort of environmental issues of the target companies are taken into account in screening process of particular investment or lending. In the screening process, we have started to confirm whether the company is included in the universe of any environment-related fund or index since FY2009.

We will continue to enhance the accuracy of screening processes to enable evaluation of companies in a wider range. Some portion of investment assets are entrusted to outside fund managers as a way of improving return and reducing risk. Monitoring processes for these companies include surveys of their stance on ESG issues and checks on their investment systems and policies.

### Process of Brand Selection and Construction of an Environmental Investment Universe



\* In the actual brand selection of funds, all stages of the process from environmental analysis through to construction of a portfolio are carried out using the Group's schemes.

Material Issue

# 4

## Community Involvement and Development

The Sampo Japan Group, its employees and agencies work hand-in-hand with NGOs, governments and residents to resolve community challenges. The Group regards it as a duty under its social responsibilities to foster employees who can think and act independently on matters of social responsibility and sustainability, and to support their activities.

### Phase 1 1993 – 2002

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

\* Civil Society Organization (CSO):  
This term means civil society organizations and encompasses non-governmental organizations (NGOs).

### Phase 2 2003 – 2008

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

### Phase 3 2009 –

- Implementation of initiatives based on segment and regional characteristics and expansion of scope of initiatives
- Launch of the E-Koto CSR Point System to encourage increased efforts by individual employees

Please see the Data Book  p5, 22–26 for more details.

## Highlight

# 01

## Alleviating Poverty and Supporting Self-sufficiency with Microinsurance in India

Our Indian subsidiary, Universal Sampo General Insurance Co., Ltd. (USGI), has introduced microinsurance products to facilitate the use of microfinance provided by banks in impoverished rural communities. This initiative is based on the concept of “community development with insurance,” which uses insurance to mitigate social problems in developing countries.

### Joint Venture Established with Four Local Partners in India

Despite India’s rapid economic growth, 34% of the population still lives on less than one U.S. dollar per day. Most of these impoverished people live in rural communities. In February 2008, USGI, our Indian subsidiary responded to this situation by introducing microinsurance services, primarily in rural areas of northern India.

USGI was established in January 2007 by Sampo Japan and a group of Indian banks, including two state-owned banks, and is the first non-life insurance company in which Indian state-owned banks have been involved. The three banks that participated as joint venture partners have networks of approximately 4,800 branches covering all of India, including rural areas. Since USGI’s founding, the Indian government has expressed hope that the company would contribute to Indian society by making insurance available not only to the wealthy, but also to rural communities with large impoverished populations. This wish reflects key characteristics of USGI, such as its creation through a partnership between public and private sector organizations, and that one of the partners is the Allahabad Bank, a state-owned bank based mainly in rural northeast India.

USGI’s decision to become involved in microinsurance was prompted in part by a regulation introduced by the

Indian government, requiring non-life insurance companies to earn a specific percentage of their total premium income from the rural and social sectors\*.

\* Social sector includes unorganized sector, informal sector, economically vulnerable or backward classes and other categories of persons, both in rural and urban areas.

### Microinsurance Cover for Five Major Diseases and Livestock Losses Affecting Farmers

Over 70% of India’s population works in agriculture. Because many individuals lack economic means, groups of people form self-help groups to purchase equipment and draft cattle needed for farming, using microfinance loans provided by banks under a system introduced in the early 1990s. The self-help groups are jointly liable for the repayment of the loans.

The most effective way to popularize microinsurance as a good way to provide basic social security to low-income people with limited capacity to service debts or provide for healthcare needs, is to combine microinsurance and microfinance in easy-to-understand packages that can be supplied through banks.

Microinsurance has also made it easier for farmers to obtain finance, since loans are backed by the insurance. Microinsurance contributes to the sustained alleviation of poverty by driving a virtuous circle, whereby the purchase



Village farmers removing the husks of crops in Northern India.



An ox-drawn cart laden with food crops in an Indian village.

of agricultural equipment and other items leads to improved production efficiency and crop yields.

In February 2008, USGI developed *Aapat Suraksha Bima*, a health insurance product that provides cover against five major diseases. By March 2010, USGI had sold over 100 of this policy based on its business model of combining insurance with microfinance.

USGI has taken the evolution of this product a step further by designing microinsurance products with an expanded range of cover. *Saral Suraksha Bima* is a microinsurance product providing sickness and injury cover, while *Sampoorna Suraksha Bima* is a microinsurance package with a wide range of cover, including illness and injury cover and home and contents insurance. An application for official approval of these products was filed in early 2010 and is currently pending.

The cost of USGI's microinsurance products varies according to the product. Premiums range from 10 rupees (about U.S.\$0.2) for injury and fire insurance, up to 500–750 rupees (about U.S.\$10–15) for family health insurance cover. Some microinsurance products were designed to include partial subsidies from state governments and other sources.

**Further Collaboration with Microfinance Institutions and Regional NGOs**

An important future challenge for USGI will be to expand its microinsurance concept throughout India's vast territory. Plans to extend access to the system include the establishment of regional sales networks based on the branch networks of state-owned banks, and collaboration

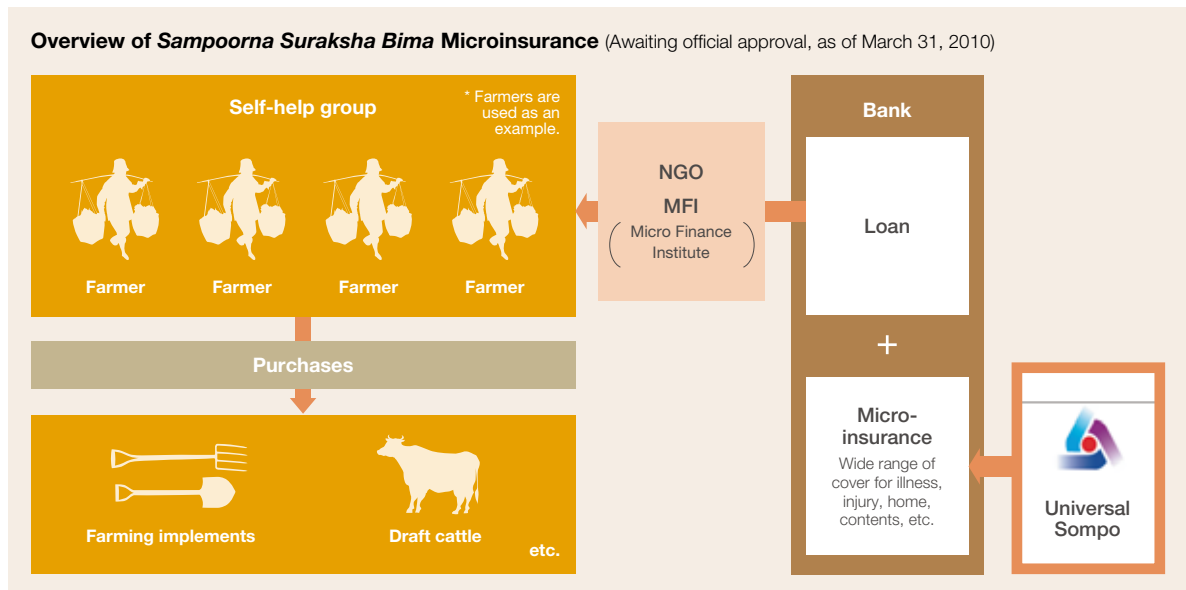
with regional NGOs as well as microfinance institutions (MFIs) in which its partner banks have invested. By establishing microinsurance as a sustainable business model in India with USGI as the core provider, the Sampo Japan Group aims to make an earnest contribution to local communities through its core activities.

**Insurance—a powerful tool for healthy social development in India**

Insurance is a system for mutual assistance. By working together with regional partners who are closely tied to their communities, we hope it can help expand social services to all sectors of Indian society, including to those who are socially vulnerable. Through these efforts, I hope we can help these local companies expand, while contributing to the sustainable development of India.



**Koichi Hattori**  
Managing Director  
Universal Sampo General Insurance Co. Ltd.



## Highlight

## 02

## Corporate Citizenship Activities— Support Mechanisms and Cooperation with NGOs

Sompo Japan's corporate citizenship policy is based on the dual perspectives of corporate contributions and contributions by individual employees. The policy also identifies three priority areas of corporate contribution: welfare, fine arts and the environment.

The Chikyu (Earth) Club, a volunteer activity organization in which all employees are members, collaborates closely with three foundations on initiatives in partnership with local communities.

### Corporate Citizenship Activities by Individual Employees

All Sompo Japan employees are members of the Chikyu (Earth) Club, which plays a pivotal role in voluntary activities in cooperation with agencies and other organizations throughout Japan. The Chikyu (Earth) Club was founded in 1993 as an organization to provide support and opportunities for corporate citizenship activities by employees. In FY2009, it undertook 425 projects in various areas of Japan, including local environmental protection and clean-up programs, computer classes for people with disabilities, visits to facilities to clean and repair wheelchairs, and the collection and donation of calendars, diaries and other items. Each project is tailored according to the needs and characteristics of local communities.

Information about voluntary activities, including case studies of local initiatives, is shared through various media, including the corporate intranet, in-house publications and the corporate satellite broadcasting system.

By disseminating information through these and other media, Sompo Japan facilitates the take-up and development of good ideas across multiple areas of its organization.

### Chikyu (Earth) Club Social Contribution Fund

Each month employees voluntarily donate ¥100 or more from their monthly salaries to this fund, which is used to support Chikyu (Earth) Club corporate citizenship activities and other initiatives. In FY2009, the 6,346 people participating donated an average of ¥228 per month, for a total of ¥23 million, including a balance carried forward from the previous year. Approximately ¥17.7 million was spent on corporate citizenship activities in various communities, disaster relief donations and donations to NGOs and other groups supported by members. The cumulative total of donations since the establishment of the Chikyu (Earth) Club Social Contribution Fund in 1999 has reached approximately ¥167 million.

### Support Systems for Corporate Citizenship Activities

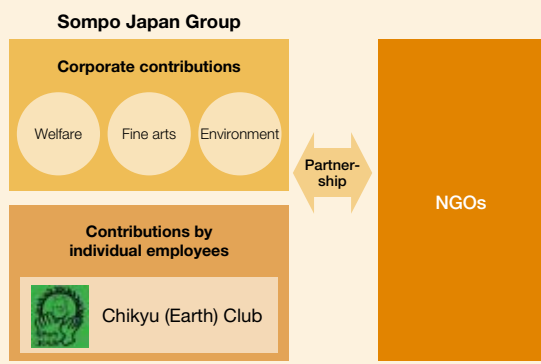
#### ● Sompo Japan Matching Gift Program

Sompo Japan has introduced a matching gift program, under which it adds an amount equivalent to 50% of an employee's monetary donations (up to a maximum of ¥50,000). Three matching gift donations were implemented in FY2009.

#### ● Leave for Voluntary Activities

Since 1993, Sompo Japan employees have been able to take up to two days leave per month, or a maximum of 20 days per year, in addition to their normal paid leave to participate in voluntary activities. There is also a long-term leave program under which employees with at least four years of continuous service can take leave for periods between six months and three years. In FY2009, five employees were given leave for voluntary activities.

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



## Major Initiatives in FY2009

### Examples of Chikyu (Earth) Club Initiatives

#### Puppet Show Teaching the Importance of Disaster Preparedness—*The Fire of Inamura* by Deaf Puppet Theater Hitomi

Deaf Puppet Theater Hitomi stages puppet theater productions featuring people with and without hearing impairment. People with hearing impairments are especially vulnerable to disasters and usually do not have a chance to learn about disaster preparedness. To give them this chance, in FY2009, the theater launched a three-year program to present *The Fire of Inamura*, a drama with a disaster preparedness theme, at all schools for the hearing impaired throughout Japan.



In FY2009, the main conference room at Sampo Japan headquarters was transformed into a puppet theater for a special performance of *The Fire of Inamura*. This initiative aimed to enable a wider audience to learn about the content of the play. The event attracted an audience of 150 employees and guests, including adults and children with both normal and impaired hearing. The exciting show was a valuable opportunity to think about disaster preparedness while experiencing communication with people with hearing impairments.

#### Planting Water Lilies to Restore the Beauty of Lake Kasumigaura

The Asaza Fund is an NGO that works to restore the natural environment of Lake Kasumigaura in Ibaraki Prefecture, Japan. Each year, the group plants fringed water lilies (*Nymphoides peltata*), which help to clean the water of the lake. The fringed water lily is a perennial plant that grows in lakes, reservoirs and other bodies of water. Once common throughout Japan, it is now rapidly disappearing because of land reclamation projects, water pollution and other factors.



Again this year, some 60 employees of Sampo Japan and its agencies traveled to Lake Kasumigaura together with their families to support the work of the Asaza Fund. All shared the hope that their work would help restore the natural environment and one day bring the Japanese crested ibis back to Lake Kasumigaura.

The day began with a presentation by Asaza Fund members about the need for this program and the current state of the lake. Participants then waded into the lake up their knees and planted water lilies into the lake bed. The volunteers had all grown the plants, which were about 30 cm tall, at home or at work.

#### Corporate Citizenship Activity at the Dining Table—Table for Two Program

Sampo Japan has introduced the Table for Two (TFT) Program at its head office and administrative headquarters. The program was

developed to tackle the dual problems of obesity in developed countries and famine and malnutrition in developing countries.

For every lunch purchased from the health-focused TFT menu in the employee dining room, ¥20 is donated through TFT International, an NGO, to a school lunch scheme implemented by the United Nations World Food Programme for African children. The ¥20 donation from each meal provides one school lunch for a child in Africa. By the end of FY2009, a total of 17,267 meals had been donated. Anyone can take part in the scheme simply by choosing a TFT meal. This opportunity to enjoy a healthy lunch while helping to feed hungry children in Africa has been very popular.



Children enjoy school meals in Rwanda.



### Examples of Chikyu (Earth) Club Social Contribution Fund Support for Charitable Organizations

Recipient: Japan CliniClowns Association  
Comment by Recommender Sachiko Oda,  
Chiba Head Office

I became aware of the Japan CliniClowns Association while cleaning wheelchairs at a children's hospital, where I work as a volunteer. CliniClowns undergo special training in child psychology, hygiene and other skills. Each year, they visit hospitals throughout Japan and bring fun to the lives of 7,000 sick children through play and communication. The donation was used to meet the cost of hospital visits.



Recipient: Japan Campaign to Ban Landmines  
Comment by Recommender Masaharu Kinoshita,  
Sampo Japan System Solutions Inc.

The donation was used to fund landmine avoidance education in Nepal. In 2009 alone, 151 people, including 134 civilians, were injured or killed by landmines in Nepal. This activity aligns well with the philosophy of non-life insurance, the purpose of which is to provide peace of mind. I am very happy to have been involved in providing support for an initiative of this kind.



## Corporate Citizenship Activities Centered on Three Foundations

The Sampo Japan Group works primarily through three foundations to implement corporate citizenship activities in partnership with NGOs in the areas of welfare, fine arts and the environment.

### The Sampo Japan Foundation



Established in 1977, the Sampo Japan Foundation works to anticipate social needs and lead efforts to meet those needs. It supports organizations in the frontline of welfare for people with disabilities, and scientific research in such fields as welfare and insurance.

By March 31, 2010, the Foundation had provided a total of ¥1,360 million in grants relating to social welfare. The Foundation fosters long-term partnerships with recipient organizations by providing welfare-related information and hosting network-building events. In FY2010, the Foundation began to provide grants to Japanese NGOs working in welfare-related fields in other countries.

**Social Welfare Literature Award Project**—Widely recognized as a stepping-stone to career success in social welfare science, the Sampo Japan Foundation Award is presented to authors of outstanding scientific papers and literary works in the field of social welfare. There have been 23 recipients since FY1999. Established to encourage research, the award is presented annually at a symposium that includes a commemorative address by the previous year's recipient.

**Scientific Projects Relating to Welfare and Insurance**—Since its establishment, the Sampo Japan Foundation has continuously organized seminars on the Insurance Business Law. Through this activity, the Foundation has influenced past revisions to the law and contributed to the sound development of the non-life insurance industry in Japan.

### The Sampo Japan Fine Arts Foundation



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

The Sampo Japan Fine Arts Foundation, established in 1976, aims to promote fine arts and culture and contribute to the education of young people. Its main activity is the administration of the **Seiji Togo Memorial Sampo Japan Museum of Art** on the 42nd floor of Sampo Japan's head office building. Art on display at the Museum includes Vincent van Gogh's *Sunflowers*. During FY2009, six exhibitions staged by the Foundation at the Seiji Togo Memorial Sampo Japan Museum of Art attracted a total of 170,000 visitors. By March 2010, the cumulative total of visitors to the Museum had reached 4.49 million.

**Free of Charge for Children**—Elementary school children and junior high school students are admitted to all exhibitions free of charge. This reflects the Foundation's commitment to contribution through fine arts in such areas as academic and social education, community activities and the development of future generations.

**Art Appreciation Education**—In FY2008, the Foundation implemented a pilot scheme, the Project for Art Appreciation Education through Cooperation with Museum of Art, in cooperation with the local government of Shinjuku Ward, Tokyo, where the head office of Sampo Japan is located. In FY2009, this scheme was implemented on a full-scale basis. A total of 1,722 elementary school children and junior high school students from 34 schools in Shinjuku Ward were brought to the museum on days when it is normally closed. The young people were encouraged to look at works of art carefully and then to talk with volunteers from the local community about what they had seen, felt and thought.

### The Sampo Japan Environment Foundation



Established in 1999, the Sampo Japan Environment Foundation is involved in environment-related human resource development activities. Its motto is "Fostering people who plant trees."

**CSO Learning Scholarship Program**—Under the CSO Learning Scholarship Program, launched in 2000, the Foundation provides approximately 70 undergraduate and postgraduate university students with opportunities to learn about environmental problems and civil society through long-term internships with environmental NGOs.

**Public Seminars on the Environment**—Since 1993, the Foundation has run a series of Public Seminars on the Environment in collaboration with Sampo Japan and the Japan Environmental Education Forum. A total of 12 seminars were held in FY2009. There was also a special symposium to commemorate the Sampo Japan Tokyo Community Forest Agreement. The theme for this event, which provided an opportunity for discussion about the value of forests, was "The Power of Forests."

Other important activities include support for the environmental activities of NGOs through grants for environmental protection projects, and scientific research grants to assist doctorate students working in environmental fields. The Foundation also hosted seminars on the principles of environmental risk management and prevention.

## Corporate Citizenship Activities by Individual Employees in Group Companies

Sompo Japan is developing independent, consistent corporate citizenship activities in cooperation with local communities.

### Examples of Main Activities in FY2009

#### Sompo Japan Information Services Inc. Continuing Corporate Citizenship Activities together with Local Communities

Every year from 2000, Sompo Japan Information Services Inc. has been holding computer classes for people with disabilities together with the Nishitokyo City Association for People with Disabilities and the Association to Promote the Welfare of People with Disabilities, with employees of Sompo Japan Information Services serving as instructors. Participants in these classes, which are very well-received every year, learn simple tasks such as creating New Year's and Christmas cards.

Sompo Japan Information Services conducts a range of corporate citizenship activities, in which most employees participate. The company's programs include clean-ups of Koganei Park in Tokyo, as well as sales of fair trade products from NGOs, and of wood products and bread made by people with disabilities.



The computer classes for people with disabilities are very popular.

#### Sompo Japan System Solutions Inc. Participation in the Brighten up Fare Program

Sompo Japan System Solutions (SJS) is located near the north exit of Tachikawa Station in Tokyo, an area known as "Fare Tachikawa" (*fare* means "create" in Italian). Here, 109 works of art from artists from 36 countries are exhibited. As these works of art have been in place for 15 years, they require regular upkeep. To give something back to the community, SJS participates in twice-yearly cleaning activities under the local Brighten up Fare program, helping to maintain these public works of art.



SJS employees cleaning the works of art near Tachikawa Station.

#### PT Sompo Japan Insurance Indonesia (Jakarta) Developing Low-key Disaster Relief Activities

Through the Sompo Peduli (*peduli* means "mutual aid" in Indonesian), CSR promotion organization established to assist survivors of the 2005 Sumatra tsunami, PT Sompo Japan Insurance Indonesia is implementing low-key corporate citizenship activities to meet the needs of local stakeholders. When the earthquake occurred in West Java in September 2009, the company used its own independently administered fund to visit remote parts of Java that needed assistance, to deliver food and other relief supplies. Additionally, members of Sompo Peduli have invited visiting lecturers to conduct seminars in order to share and deepen their understanding of CSR trends around the world.



Sompo Peduli receiving recognition for its aid efforts for earthquake-stricken West Java.

#### Sompo Japan Insurance (Hong Kong) Company Limited (Hong Kong) Recognized for Sustainability Efforts

In 2009, as it welcomed its 50th year in Hong Kong, Sompo Japan's Hong Kong office has been focusing on creating a CSR framework. In recognition for being an active, responsible corporate citizen, in February 2010 the company received the Caring Company CSR certification. In particular, the company received recognition for environmental management activities such as contributions to the World Wildlife Fund (WWF) and other non-profit organizations, establishment of support systems for work-life balance and self-development, and resource and energy savings. In the future, the company will continue to contribute to society in Hong Kong, and expand its efforts toward sustainable development.



Sompo Japan Hong Kong staff with the Caring Company CSR certification.

## Other Major Activities

<p><b>Sompo Japan Insurance Company of Europe Limited</b> &lt;London&gt;</p>	<p>■ In July 2009, 20 employees participated in “the ASICS British 10K London Run” charity marathon sponsored by the Samantha Dickinson Brain Tumour Trust. ■ In December 2009, all 60 employees participated in activities to help the homeless, such as collecting clothing, toiletries and food. ■ In February 2009, 60 employees participated in “the Mobile Phones for Schools Program” which donates old mobile phones to primary schools.</p>
<p><b>Sompo Japan Insurance Company of America</b> &lt;Charlotte&gt;</p>	<p>■ In March 2009, four employees participated in and assisted with the running of “the Fire &amp; Safety Bowl” program, held by the Charlotte Fire Department and aimed at increasing awareness of disasters among children. The company also donated to the program. ■ In December 2009, 25 employees participated in “the Christmas Toy Drive” sponsored by the Salvation Army, and which presents toys and gifts to economically disadvantaged children. ■ In 2009, ten employees participated three times in blood donations carried out by the American Red Cross &amp; Carolina Blood Bank. ■ The company provided support throughout the year to schools, by volunteering to accompany students from local schools to art galleries and similar activities. ■ The company provided support to educational and qualifications programs provided by Audupon International, in order to assist organizations in protecting the local environment.</p>
<p><b>Yasuda Seguros, S.A.</b> &lt;Sao Paulo&gt;</p>	<p>■ In 2009, 52 employees participated three times in blood donation campaigns. ■ In October 2009, many employees donated non-perishable foodstuffs and adult diapers to economically disadvantaged senior citizens. ■ In December 2009, 60 employees donated clothing, shoes and toys to economically disadvantaged children. ■ The company employed 14 economically disadvantaged young people as interns, in compliance with labor laws, as well as 11 persons with disabilities who have specialized skills. 55% of interns who completed their contract in FY2009 were rehired as employees.</p>
<p><b>Sompo Japan Insurance (China) Co., Ltd.</b> &lt;Dalian&gt;</p>	<p>■ In December 2009, with the full approval of the Dalian Bureau of Education, the company provided subsidies of 240,000 yuan (approx. ¥3.1 million) to activities for introduction of insurance education at public elementary and junior high schools in Dalian City. ■ In April 2009, the company provided ¥3 million annually for a scholarship fund to Dongbei University of Finance and Economics School of Finance.</p>
<p><b>Sompo Japan Asia Holdings Pte. Ltd.</b> &lt;Singapore&gt;</p> <p><b>Sompo Japan Insurance (Singapore) Pte. Ltd.</b> &lt;Singapore&gt;</p>	<p>■ In July 2009, 54 employees led a field trip for about 50 children from two orphanages.</p>
<p><b>PT Sompo Japan Insurance Indonesia</b> &lt;Jakarta&gt;</p>	<p>■ Every month from March to June 2009, a “Milk Day” was held providing health checkups and calcium-rich beverages for employees, with a total of 80 participants. ■ In July 2009, 152 employees participated in blood donations. ■ In September 2009, 80 employees donated shoes, socks and stationery to orphanages. ■ In December 2009, visiting lecturers conducted CSR seminars, with 11 participants.</p>
<p><b>Sompo Japan Insurance (Thailand) Co., Ltd.</b> &lt;Bangkok&gt;</p> <p><b>Sompo Japan Service (Thailand) Co., Ltd.</b> &lt;Bangkok&gt;</p>	<p>■ In October 2009, in cooperation with partner Saha Group, the companies donated 100,000 baht (approx. ¥270,000) to the Thai Red Cross, which is currently building a local hospital. ■ In November 2009, the companies donated 5,000 baht (approx. ¥10,000) to the Wat Phra Baht Nam Phu temple, which cares for patients with HIV. ■ In December 2009, the companies donated 150,000 baht (approx. ¥410,000) to a youth training fund established by the Thai Princess, to provide financial assistance for youth in rural areas. ■ February 2010, the companies worked to foster friendships with children from the Kurunoi orphanage, and together with employees, donated 10,500 baht (approx. ¥30,000).</p>
<p><b>Sompo Japan Insurance Inc. Ho Chi Minh Representative Office</b> &lt;Ho Chi Minh&gt;</p>	<p>■ In August 2009, the office took part in a “flying wheelchair exercise,” presenting people with disabilities in Ho Chi Minh City with wheelchairs that can be taken on aircraft. This has been ongoing since 2003, and the 29th wheelchair was presented in 2009.</p>
<p><b>Berjaya Sompo Insurance Berhad</b> &lt;Kuala Lumpur&gt;</p>	<p>■ In July 2009, employees visited senior citizens in nursing homes. ■ In August and September 2009, the company provided assistance to 211 families who were victims of flash floods, and held a breaking fast event for 150 people gathered in the mosque. ■ In cooperation with U-Mobile, the company collected 1,841 ringgits (approx. ¥50,000), and donated to Persatuan Kebajikan Insan Istimewa Johor Bahru, a home for disabled children. ■ From February to September 2009, in cooperation with Sports Toto, the company donated 5,000 ringgits (approx. ¥130,000) to 360 patients with leprosy as a part of Chinese New Year celebrations. ■ From February to September 2009, in cooperation with the Kota Kinabalu City Hall, the company donated 10,000 ringgits (approx. ¥270,000) to “the Chinese New Year Carnival 2009,” which was part of the Chinese New Year Festival. ■ From March to July 2009, the company participated in “the Roasters Chicken Run charity event,” and donated 50,000 ringgits (approx. ¥1.3 million) to fund-raising efforts to assist patients with juvenile diabetes.</p>
<p><b>Sompo Japan Insurance (Taiwan) Brokers Co., Ltd.</b> &lt;Taipei&gt;</p>	<p>■ In September 2009, the company donated 30,000 Taiwanese dollars (approx. ¥80,000) to the Ministry of Economic Affairs through the Japanese Chamber of Commerce and Industry in Taipei to assist victims of typhoon number 8.</p>

Highlight

03

## Working with Communities— Disaster Preparedness and Loss Control

Sompo Japan has an important social mission in relation to earthquakes and other natural disasters. First, we must ensure business continuity so that we can pay insurance claims. Second, we must provide risk solutions to prevent or mitigate the effects of disasters. Third, we must work with communities to ensure disaster preparedness and support disaster relief activities. In Tokyo's Shinjuku district, where our own high-rise head office building is located, Sompo Japan is helping the community to enhance its disaster prevention and mitigation systems.

### Maintaining Insurance Payments and Other Priority Services

Sompo Japan has formulated a basic policy on the establishment of business continuity programs within the Group and created its own business continuity management (BCM) system. The system aims to ensure continued provision of key services to customers, including insurance claim payments, in the unlikely event of a major natural disaster, even if Sompo Japan itself is affected, and to restore normal services as quickly as possible.

### Working with Communities to Ensure Disaster Preparedness and Support Disaster Relief Activities

Used by some 3.47 million people daily, Shinjuku Station is one of the world's busiest rail terminals. Sompo Japan's head office building is located in a large office area around the station's West Exit. At the East Exit is Kabukicho, Japan's biggest entertainment district, as well as numerous department stores and other facilities catering to the public. There are major questions concerning the impact of a major disaster in the area around Shinjuku Station, including the capacity of businesses in the area to accommodate stranded people, and the ability of businesses to communicate with medical institutions.



The Shinjuku district in Tokyo, where Sompo Japan is actively involving in development.

In February 2010, Sompo Japan conducted a comprehensive business continuity plan (BCP) exercise to ascertain the ability of the Shinjuku Station area to cope with a disaster. Accommodation for stranded people was incorporated into the exercise as a new factor.

These are not problems that can be solved by businesses alone, and plans need to be developed in cooperation with local organizations and officials. The Group recognizes the need for community collaboration and is actively involved in the development of a District Continuity Plan (DCP) for the Shinjuku district.

### Initiatives to Improve Disaster Preparedness in Shinjuku New Urban Center

SJRM has launched a disaster preparedness initiative for the area of high-rise buildings on the west side of Shinjuku Station, including the establishment of a study group in cooperation with businesses, universities and other organizations in the area to look at comprehensive drills and a DCP. At the New Urban Center Disaster Mitigation Symposium in December 2009, Mr. Masatoshi Sato, who at that time was President of Sompo Japan, gave a speech in which he promised that Sompo Japan would play an active role in the development of a DCP for Shinjuku, both as a company based in a high-rise building in the area and as a non-life insurance company.

### Development of Accident Prevention Support Services

One of the most crucial social roles of a non-life insurance company is to establish systems to support traffic accident prevention efforts by corporate policyholders, and to implement community contribution activities. The Group also helps to reduce logistics losses, including those caused by accidents during the transportation or storage of goods, by developing loss control services on a global scale. We provided loss control services in Southeast Asia and China in 2008, and are now training local staff in preparation for the introduction of such services in India and Brazil. Our goal is to expand these services to meet global needs.