

Making Society Safe and Secure through Insurance

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

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

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

Customer Satisfaction Survey on Insurance Policies

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

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

Preventing Accidents and Other Efforts to Make Society Safer

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

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

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

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

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

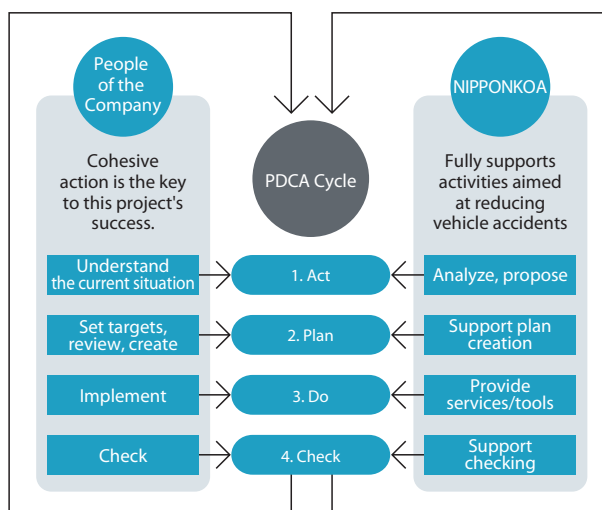
In demonstration of the quality of these efforts, our automobile insurance earned Eco Mark certification from the Japan Environment Association in March 2011.

Achievements of the Eco-Safe Driving Contest

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

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

NIPPONKOA's Vehicle Accident Reduction Program



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

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

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

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

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

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



Measure Your Security Campaign Pamphlet

Measure Your Security Campaign: Showing Customers the Way to Security

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

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

No.1 in Automobile Insurance General Satisfaction

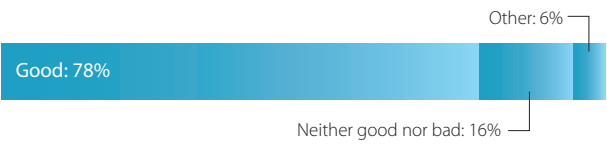
NIPPONKOA is highly rated by its customers, ranking first among P&C insurance companies with an agency network in the general satisfaction category of the 2011 Automobile Insurance Satisfaction Rankings conducted by Kakaku.com, Japan's largest price comparison website. However, we are not content to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

Customer Reviews

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

▶ Interview Results

February 2011, out of 101 interviewees:



▶ Customer Comments

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

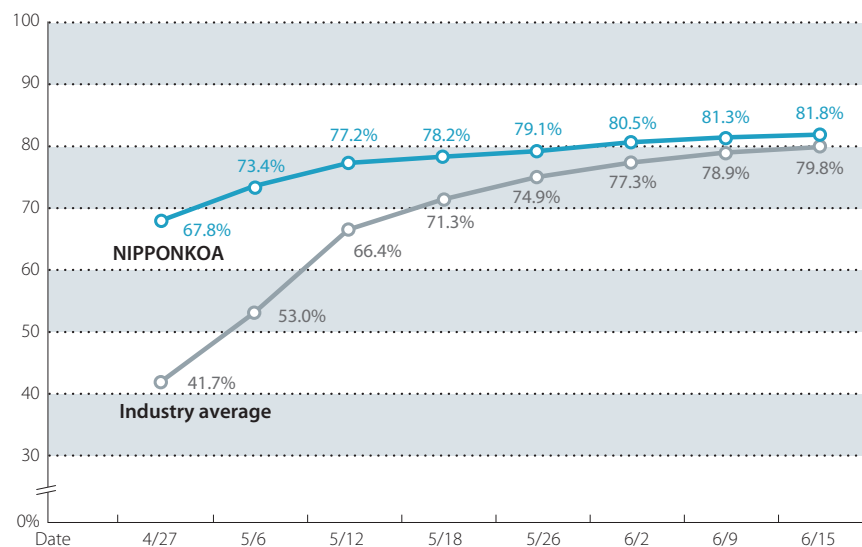
Quick and Appropriate Responses When Unlikely Events Happen—Continuing to Support Businesses, Individuals and Day-to-Day Life

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

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

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

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



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

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

Key Responses When the Great East Japan Earthquake Occurred

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

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

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

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

2) Enhancing of our insurance claims payment system

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

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

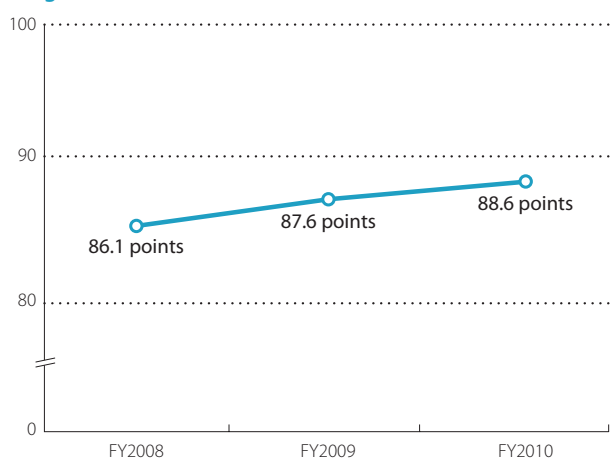
3) Quick and appropriate action by all company personnel, beyond the bounds of their ordinary duties

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

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

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

Degree of Customer Satisfaction(Vehicle Accident Claims Handling)



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

Voice

▶ Employee Comment

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



Claim Handling Departments
Sou Kaneko

The Continuation into of the Earth's Marvelous

Preventing Environmental Problems from Worsening

A healthy, rich and bountiful global environment is the most important foundation for all life, including human beings. However, since the Industrial Revolution, environmental problems such as global warming and the associated climate change, which are caused by the emission of large amounts of CO₂ through the extensive use of fossil fuels, loss of biodiversity due to large-scale development and waste, and the depletion of natural resources, have reached a critical state. It is feared that these problems will worsen with future world population increases. Once environmental damage has occurred, regeneration takes a very long time and, in some cases, it is not possible to return the environment to its original form. This could have a huge impact on the survival of all living things, including human beings. To ensure the continuation into the future of the earth's marvelous environment with its abundant water and greenery, all of us who are now living must change our behavior to become environmentally friendly. As a corporate citizen, the NIPPONKOA Insurance Group, across the whole of the organization, with the totality of its value chain in mind, is working to resolve environmental problems.

NIPPONKOA Insurance Group's Responsibilities and Role

What We Can Do Now, for the Future

NIPPONKOA Insurance Group's Responsibilities and Role

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

the Future Environment

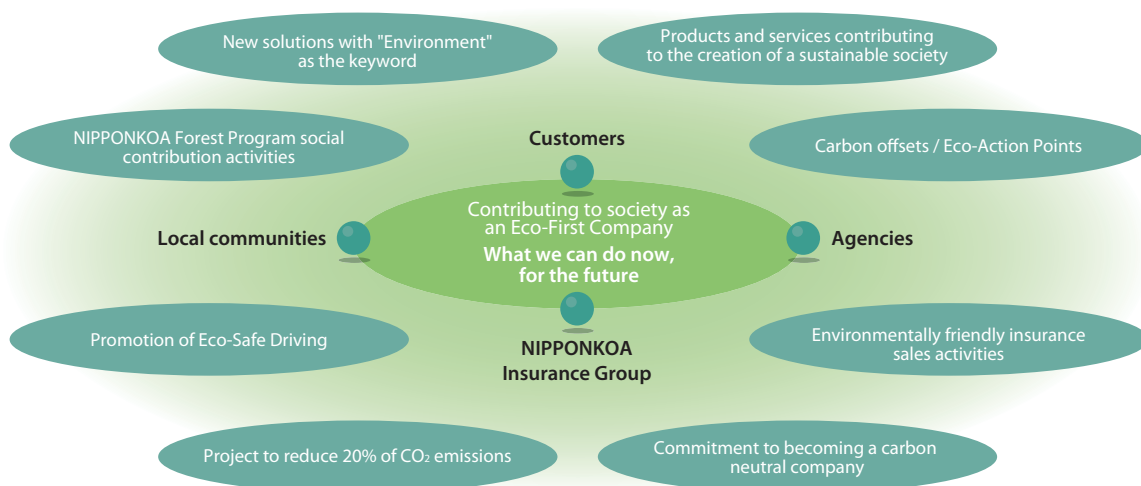
How Climate Change Can Influence the Insurance Business

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

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

Risk Reduction and Growth in Business Opportunities

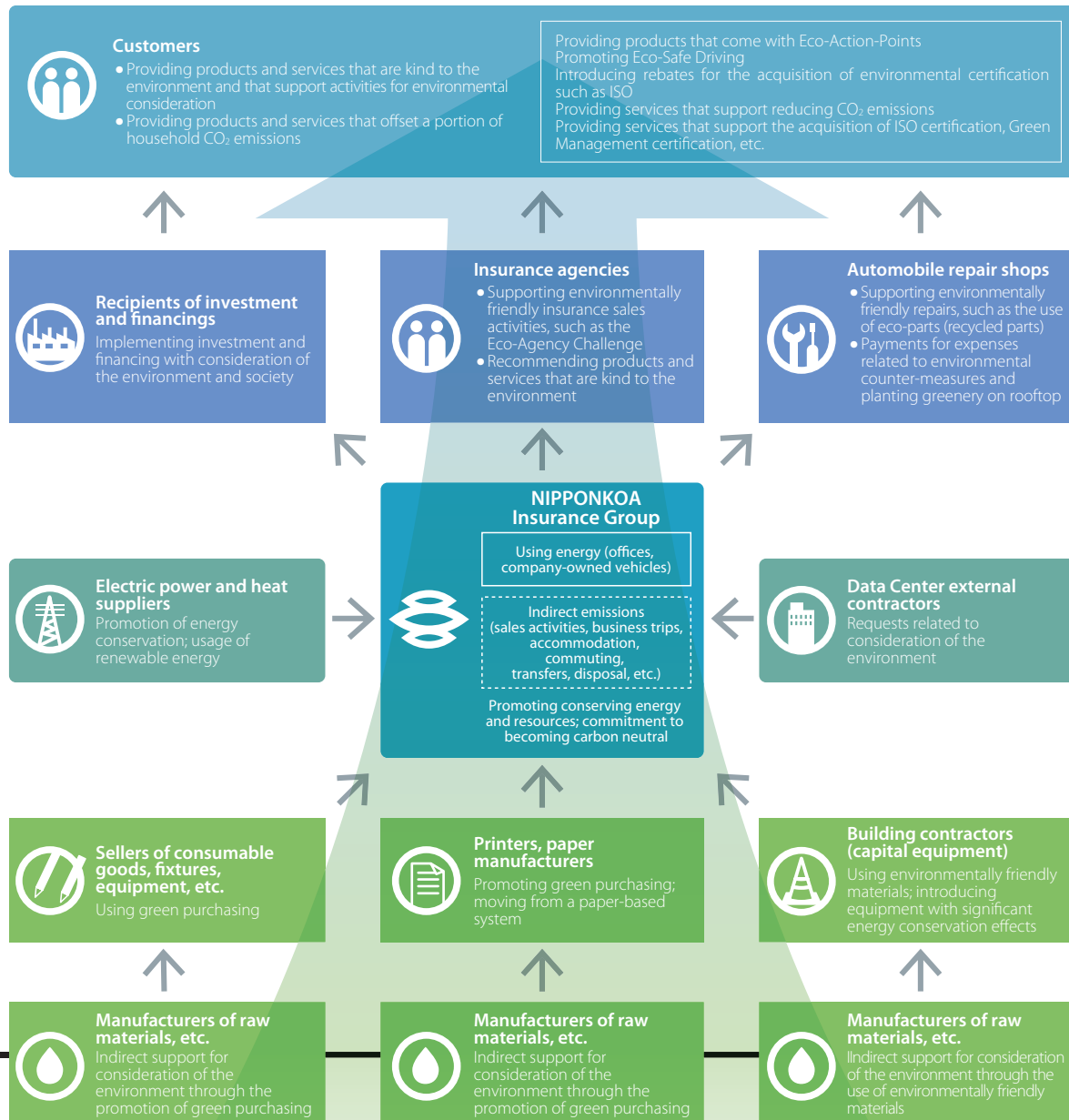
It is said that societies will need to develop low-carbon economies in order to mitigate global warming. Maintaining balance between the environment and the economy by incorporating consideration for the environment into all the economic activities of companies is one efficient solution. In endeavoring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



Value Chain Management to Preserve the Global Environment

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

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



Environmental Management System

An "Eco Checker" (instructor who handles environmental issues) is stationed at all of our workplaces to implement the project to reduce CO₂ emissions by 20% with all employees' participation. Specifically, the Eco Checker confirms the state of initiatives undertaken in consideration of the environment each month, quantifies CO₂ emissions for each office and organization, and reflects these results in the performance rating system. This has resulted in steady increases in the environmental awareness of each employee, and we have greatly exceeded our environmental performance targets.

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

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

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

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

■ Quantifying CO₂ Emissions by Office and Organization, Then Reflecting These Results in the Performance Rating System

In addition to our usage of electrical power and gas, we disclose our CO₂ emissions by office and organization, including CO₂ emissions related to sales activities, business trips, paper, and printed materials. We put in efforts to reduce emissions on the same level of importance as our core business, and use this concept as one item of evaluation for the NIPPONKOA Award, our performance rating system.

For Continual Improvement



Number and Ratio of People Receiving Environmental Education by Year

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

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

Number of Cases that Do Not Conform to ISO Internal Audits

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

Low-Carbon Initiatives

First Our Emissions, Then Our Stakeholders' Emissions

Hurricanes, torrential rains, droughts, and other extreme weather events today are happening with increased frequency all around the world. Research suggests that rising global temperatures could further increase the frequency and intensity of such events. Implementing measures to reduce CO₂ emissions and stop the forward march of climate change is thus an important challenge for insurance companies. For instance, Hurricane Katrina, which made landfall on the United States in 2005, reportedly cost insurance companies the equivalent of US\$34 billion. If CO₂ concentrations double, the United Nations Environment Programme (UNEP) estimates that the cost of disasters attributable to climate change will reach at least US\$300 billion a year by 2050. In the United States, there have been reported cases of insurance companies restricting home insurance coverage due to the number of hurricanes, and people opting out of automobile insurance due to prohibitively high premiums. We believe that in order to avoid situations like these, insurance companies must show leadership on the shift to a low-carbon society. NIPPONKOA has decided that, in order to contribute to that shift and mitigate global warming, it will first focus on reducing its own CO₂ emissions and then support its customers and other stakeholders in reducing theirs.

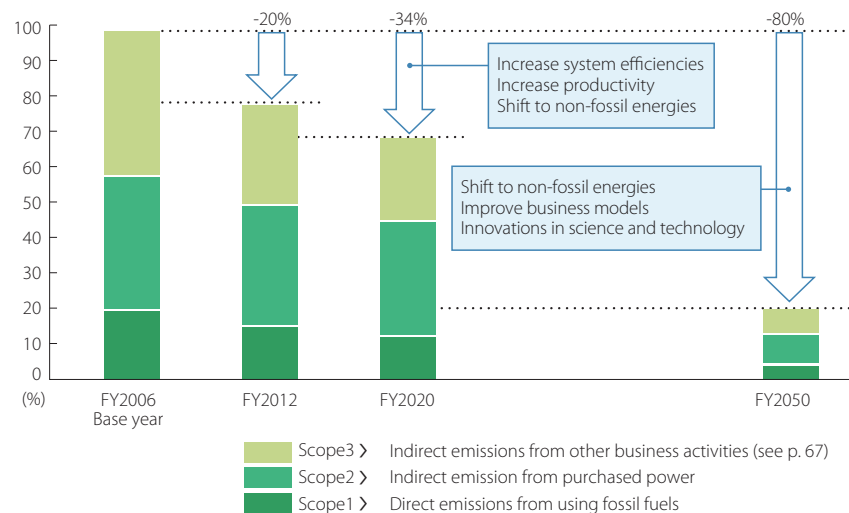
Medium- and Long-Term Carbon Reduction Targets (Environmental Aspects)

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

Reduce Greenhouse Gas (CO₂) Emissions 34% by FY2020, 80% by FY2050 (with FY2006 as the Base Year)

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

Medium- and Long-Term Greenhouse Gas (CO₂) Reduction Targets

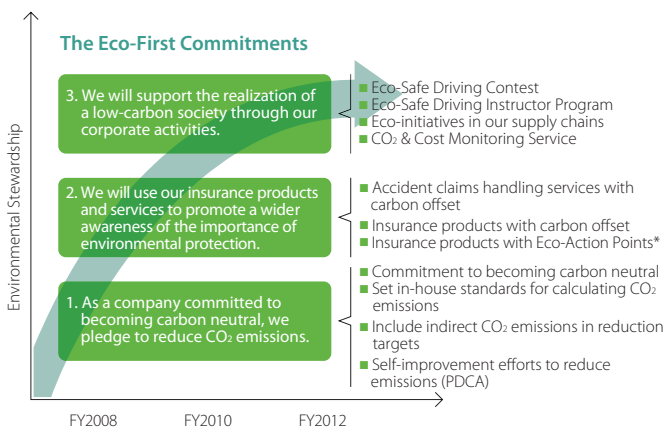


Parameters for Calculating the Medium- and Long-Term Targets (FY2020, FY2050)

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

The Eco-First Commitments

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



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

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

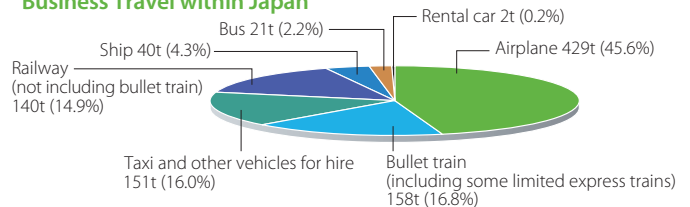
Energy efficient systems × Employee efforts to conserve = Major reduction impact

For office air conditioning and lighting, we are replacing systems in a step-wise fashion starting with buildings with the highest CO₂ reduction potential. We planted a roof garden on top of the NIPPONKOA Nihonbashi Building, which helps to mitigate the urban heat island effect in Tokyo. We also installed solar panels on top of the NIPPONKOA Training Center in Moriya, Ibaraki prefecture; the system supplies 6 to 7% of the Center's annual electricity consumption.

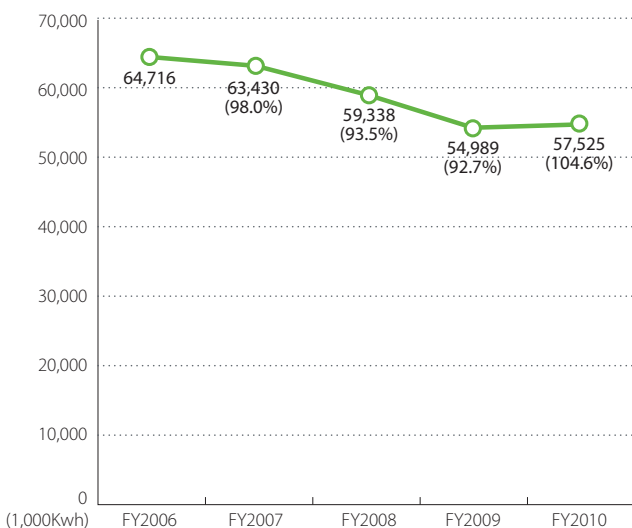
Reducing the Environmental Impact of Operations and Business Travel

The NIPPONKOA Insurance Group encourages its employees to travel less and, when traveling, use types of transportation that have smaller environmental impact. We have installed web-conferencing systems at all of our operation sites in Japan to encourage remote conferencing and reduce the number of conferences, group training events, and business trips. Moreover, we are gradually replacing our existing fleet with low-emission vehicles and requiring employees to practice Eco-Safe Driving to reduce atmospheric emissions of CO₂ and hazardous chemical substances. We also calculate CO₂ emission for each transportation type and strive to use the type with the smallest environmental impact for business trips.

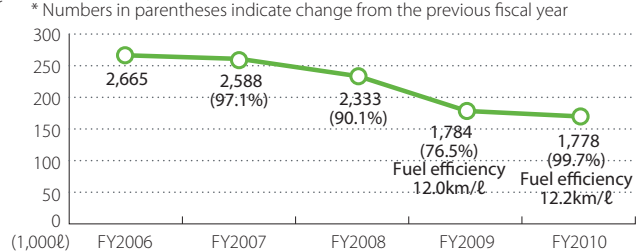
CO₂ Emissions by Transportation Type for Operations and Business Travel within Japan



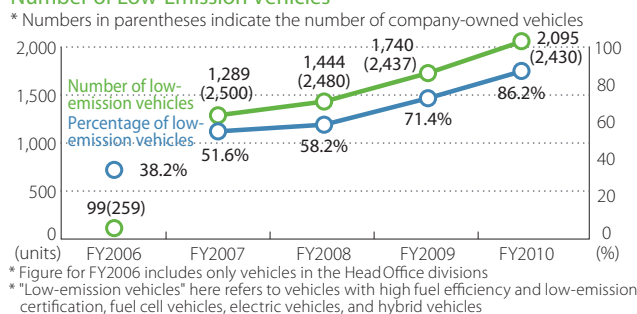
Electricity Use* Numbers in parentheses indicate change from the previous fiscal year



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



Number of Low-Emission Vehicles



Toward Becoming a Carbon Neutral Corporate Group*

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

Becoming a carbon neutral company means reducing our CO₂ emissions to zero by first becoming aware of the CO₂ we emit through our business activities, and then voluntarily working to reduce emissions by purchasing emission permits (carbon offsets) and entering into other schemes to compensate for the emissions we have difficulty reducing (see the figure at the bottom of p. 68). Money used to purchase carbon offsets are invested in CO₂ reduction projects in Japan and developing economies.

While emissions in the NIPPONKOA Insurance Group are by no means large compared to manufacturing and other industries, we announced our commitment to becoming a carbon neutral company in July 2008 with an aim to reduce our greenhouse gas emissions and promote carbon neutrality among our stakeholders, with the end goal of fulfilling our mission to sustainably provide insurance. This commitment aims to achieve carbon neutrality ("zero net CO₂ emissions") by FY2012.

Plan for Achieving Our Commitment to Becoming Carbon Neutral

Organizational scope	All NIPPONKOA Insurance Group companies (on a consolidated basis; including overseas subsidiaries)
Scope of activities subject to reduction/offsets	All business activities, including not only use of electricity and other energy sources but also everything from employee operations and business travel to use of paper and printed materials, distribution, waste, and commuting activities (see chart below for more details). Group companies include offices (scope 1 and scope 2)
Target for reducing CO₂ emissions through voluntary efforts	20% reduction by FY2012 (base year: FY2006)
Approach to becoming carbon neutral	Emissions that are difficult to cut will be offset through the purchase of emission permits such as Kyoto credits or through other mechanisms by FY2012.

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

Visualizing CO₂ Emissions Throughout the Value Chain Developing Our Own Standards for Measuring CO₂ Emissions

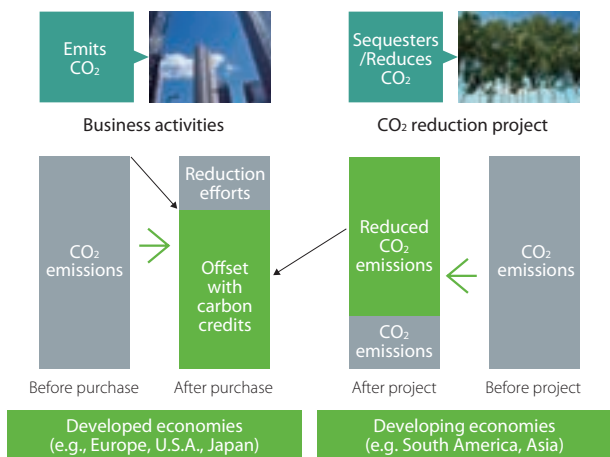
With no established standards for calculating CO₂ emissions in all our business activities—including upstream and downstream business activities—NIPPONKOA, working together with Japan's Ministry of the Environment (MOE) and environmental experts, formulated the NIPPONKOA Standards for Calculating CO₂ Emissions and is now using the standards to calculate CO₂ emissions across its value chain.

Policy for Formulating the NIPPONKOA Standards for Calculating CO₂ Emissions

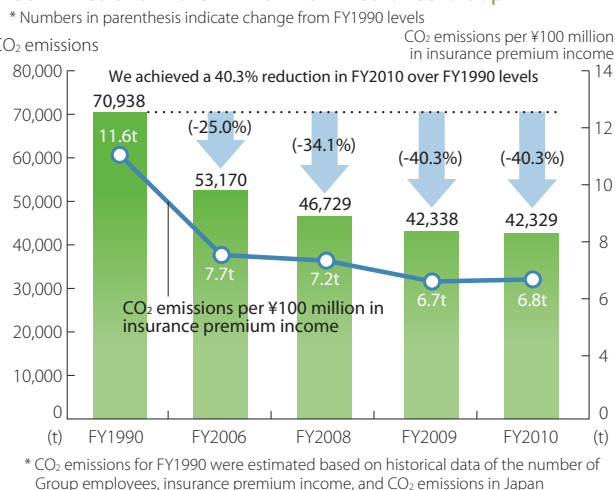
- ◆ These calculation standards were formulated in accordance with the MOE's "Guidelines on Methods for Calculating Greenhouse Gas (GHG) Emissions from Activities Subject to Carbon Reduction and Offsets."
- ◆ Emission factors are adopted from values published in the "Order for Enforcement of the Act on Promotion of Global Warming Countermeasures" and the "Carbon Dioxide Emissions Per Unit of Transportation Volume" published by Japan's Ministry of Land, Infrastructure, Transport and Tourism.
- ◆ For activities without standard emission factors and calculation methods, unique calculation methods and standards were set using values published by trade groups and various statistical data.
- ◆ The standards were formulated with the aim to help improve the global environment through fewer CO₂ emissions by allowing us to calculate and monitor emissions arising from our own activities, and are not intended for performing exhaustive calculations of emissions from all other activities. Therefore, a preference was made for establishing practical and broadly applicable calculation methods for activities that are difficult to calculate precisely.

You can read more about the NIPPONKOA Standards for Calculating CO₂ Emissions on our website.

Mechanism for Achieving Carbon Neutrality



CO₂ Emissions in the NIPPONKOA Insurance Group



Reducing Environmental Impact across Our Value Chain—Upstream and Downstream

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

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

Reducing Use of Printer Paper and Printed Materials

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

Reducing Total Industrial Waste and Landfill Waste

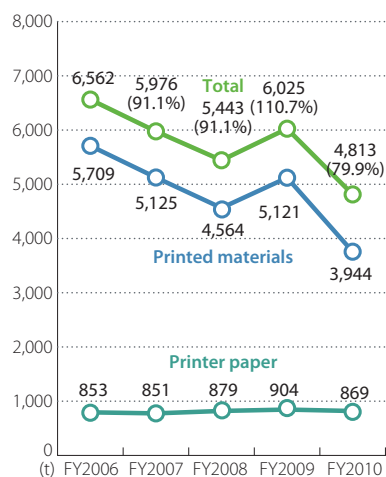
The NIPPONKOA Insurance Group strives to help build a

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

Promoting Repair of Plastic Bumpers and Use of Recycled Parts

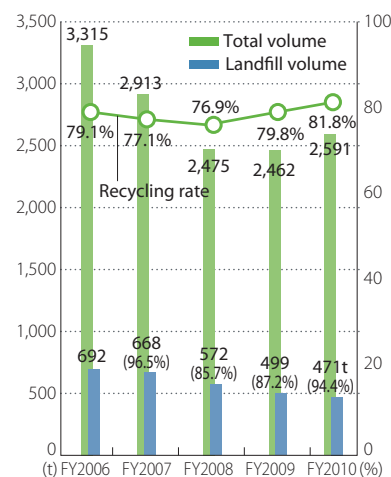
The NIPPONKOA Insurance Group promotes environmentally friendly accident claims handling by encouraging our policyholders who have a vehicle accident to repair parts without replacing them, or to use eco-parts (recycled parts) when repair is difficult. As a result, we help them not only to reduce industrial waste but also to emit less CO₂ than if they used new parts (repairing the front bumper of a compact car generally results in a 27.3-kilogram reduction). We consider it important that our customers understand that repairing parts or replacing them with eco-parts helps conserve the global environment. That is why we have introduced a program where we contribute ¥50 toward the purchase of Certified Emission Reduction (CER) credits, carbon credits issued by UN-certified renewable energy projects, or other carbon credits* every time one of our customers repairs or uses eco-parts to replace the Plastic bumper on a vehicle covered by our automobile insurance. These permits offset some of the CO₂

Amount of Printer Paper and Printed Materials Used



* Numbers in parenthesis indicate change from the previous fiscal year

Amount of Municipal Solid Waste Generated



* Numbers in parenthesis indicate change from the previous fiscal year

emitted by our customers' daily activities.

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

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



Going Paperless with Eco-Web Policy and Web-Confirm

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

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

NIPPONKOA has helped reduce greenhouse gas emissions equivalent to a total of 13,715 tons of CO₂ in developing countries through the carbon offset mechanism of its eco-parts and Eco-Web Policy programs. The carbon credits we purchase (excluding domestic credits) are transferred free of charge to the Japanese government, where they contribute to Japan's reduction targets under the Kyoto Protocol.

Costs and Benefits of Our Environmental Conservation Programs

The benefits of our environmental conservation programs consist of the amount of CO₂ emissions we have reduced through our paperless policy, bumper repair, and other programs. The benefits of our paperless policy program are estimated values based on the actual weight of printed materials we reduced, and the benefits of our bumper repair and eco-parts program are estimated values based on data published on the General Insurance Association of Japan's (GIAJ) website.

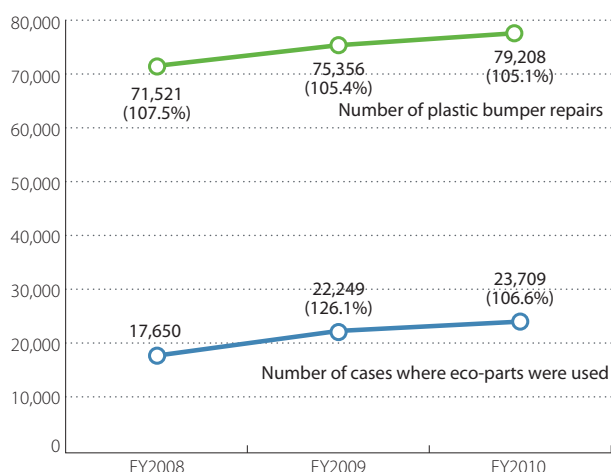
Environmental Conservation Costs (Costs of Carbon Offsets)

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

Environmental Conservation Benefits (CO₂ Equivalent)

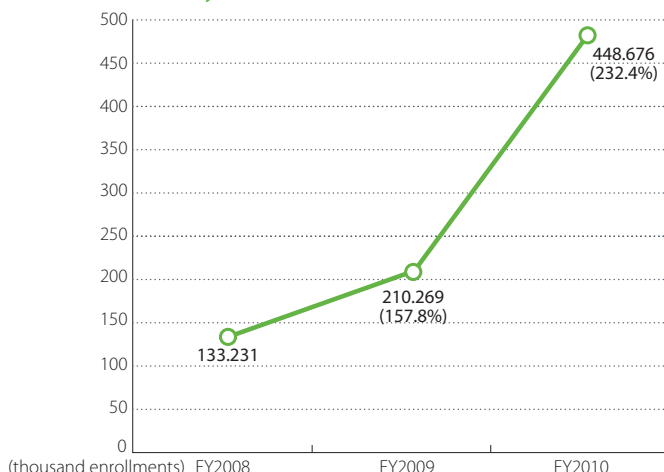
	FY2008	FY2009	FY2010	Cumulative total
Purchased credits (t)	1,016	3,763	8,936	13,715
Benefits (t)	674	1,261	1,357	3,292
Total (t)	1,690	5,024	10,293	17,007

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



* Numbers in parenthesis indicate change from the previous fiscal year

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



* Numbers in parenthesis indicate change from the previous fiscal year

Reducing Environmental Impact across Our Value Chain—Upstream and Downstream

Green Purchasing and Supplier Engagement

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

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

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

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

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

Comprehensive Support for Environmental Management (NKSJ Risk Management)

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

Launch of Consulting Service for ISO 26000

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

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



CO₂ & Cost Monitoring Service Launched through Collaboration with Companies Specializing in Various Fields

In an aim to provide comprehensive solution services for solving society's challenges and thus help build a safe, secure, and sustainable society, NIPPONKOA launched a CO₂ & Cost Monitoring Service in August 2010 through collaboration with NKSJ-RM, Hitachi Solutions, Ltd., and Recycle One, Inc.

A One-Stop Service for All Environmental Contribution (CO₂ Reduction) Support

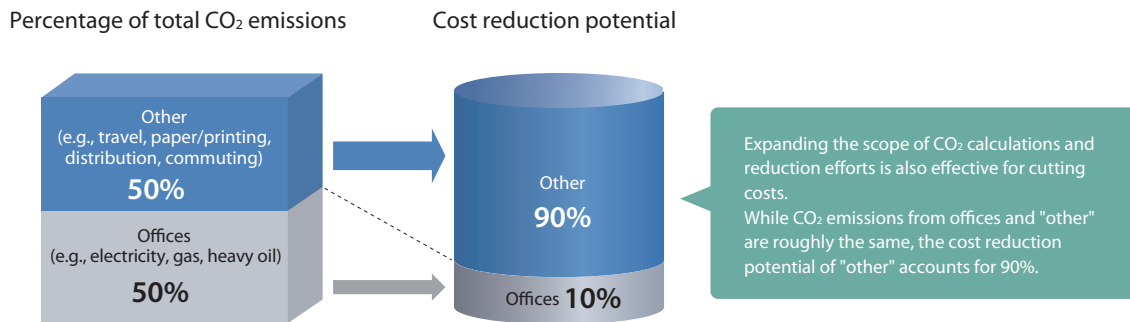
This service has two main components: a CO₂ & Cost Monitoring System, which allows our customers to easily calculate the CO₂ emitted by their business activities while also managing costs, and a consulting service to help them set CO₂ reduction targets and policies and reduce their emissions. We intend to make this a one-stop service for businesses looking to reduce their carbon emissions.

The CO₂ & Cost Monitoring System is based on the NIPPONKOA Standards for Calculating CO₂ Emissions, and was jointly developed by NIPPONKOA and Hitachi Solutions.

Cost Reduction Support

- ➔ Managing CO₂ emissions and costs simultaneously with the same tool allows for simultaneous reduction of CO₂ emissions and costs.
- ➔ Approaches cost cutting from the perspective of reducing CO₂ emissions, thereby boosting employee motivation

NIPPONKOA Insurance as an Example



The CO₂ & Cost Monitoring System is a service that encourages businesses to step up their efforts to reduce global warming by enabling them to simultaneously manage costs and calculate not only CO₂ emitted directly from using electricity and other energy sources but also indirect emissions resulting from corporate activities, such as the use of paper and printed materials, distribution, waste, and commuting related to employee business and travel.

Initiatives to Preserve Biodiversity

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

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

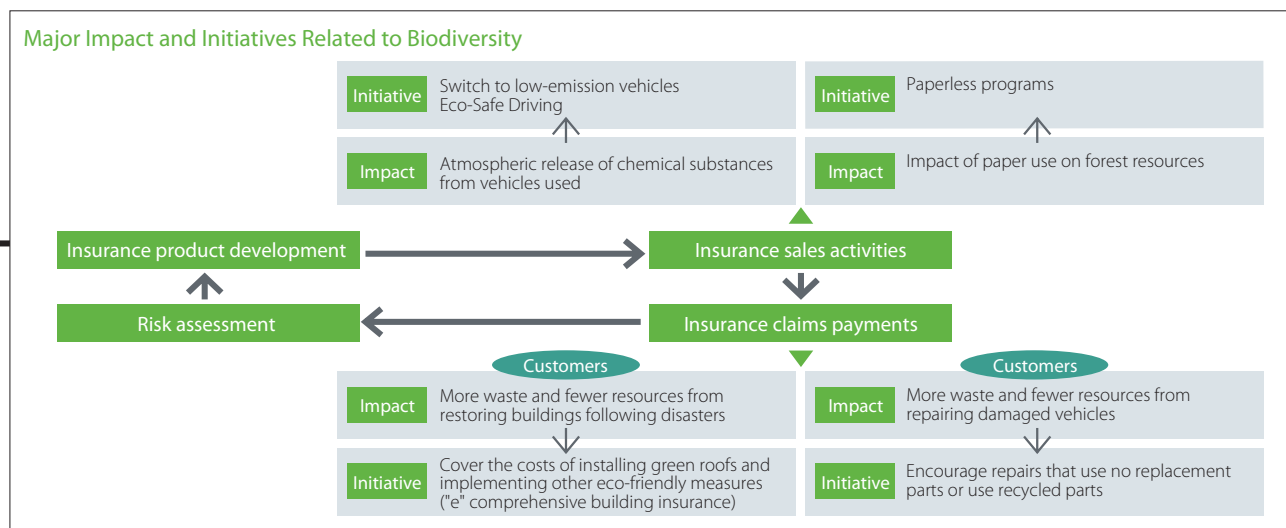
The NIPPONKOA Insurance Group is also a participant in the Private Sector Engagement Initiative on Biodiversity, a program established by the Nippon Keidanren (Japan Business Federation) and other key parties. The program encourages businesses to voluntarily promote activities that improve biodiversity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



Assessing and Addressing the Risks of Our Dependence on Biodiversity

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

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



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

Paperless Initiatives to Protect Forest Resources

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

Closing the Loop by Promoting the Use of Recycled Automobile Parts

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

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

Expanding the NIPPONKOA Forest Program to 10 Sites by 2020

Starting with our first reforestation project in the foothills of Mt. Yatsugatake in 1998, the NIPPONKOA Insurance Group has so far launched four NIPPONKOA Forest Programs across Japan. We aim to expand this program to 10 sites by 2020 (sequestering roughly 1,300 tons of CO₂ annually) to fulfill our corporate responsibility to manage and conserve woodlands as a sustainable resource. Together with carbon sequestered by forest management businesses we support in Japan and overseas, we aim to offset the entire 3,300 tons of CO₂ (planned value used in our medium-term targets) emitted by our use of paper and printed materials in 2020.



NIPPONKOA Forest Program Sites (as of August 2011)

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

Investment and Financing Incorporated into the CSR Perspective

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

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

* SRI : Socially Responsible Investment



SRI Initiatives as an Institutional Investor

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

Investment in Emissions Trading Market –Achievement of Yearly CO₂ Reductions of 250,000 Tons

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



Power generation using coconut shells as fuel



Collecting coconut shells

The NIPPONKOA Insurance Group's New Initiatives for the Future

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

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

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

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

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



Top page of the "Miracle Miracle" website

Performance Data on Greenhouse Gas (CO₂) Emissions

Changes in Environmental Performance (CO₂ Emissions)

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

Overall Review of Performance in FY2010

Office emissions increased by 1,220 tons of CO₂ (+5.8%) due to the effects of last year's high summer temperatures and the Nihonbashi Building, construction of which was completed in September 2009. Emissions from commuting increased by 305 tons of CO₂ (+18.8%) due to a switch to direct hiring of temporary staff. Meanwhile, emissions from paper and printed materials dropped by 1,360 tons of CO₂ (-19.9%) as a result of reduction efforts. Taken together, these factors led to a total emissions reduction of 0.1% from FY2009. This translates to a 20.4% decrease from FY2006, significantly exceeding our 18.5% reduction target.

Supplementary Information on Greenhouse Gas Emissions Reporting

- ◆ NIPPONKOA performs greenhouse gas (GHG) inventory calculations with the intention of measuring and monitoring the CO₂ emissions resulting from its activities based on the underlying goal to become carbon neutral and improve the global environment by reducing its CO₂ emissions.
- ◆ While we take the greatest care to generate accurate and valid data, we prefer establishing practical and broadly applicable calculation methods for activities that are difficult to calculate precisely.
- ◆ When activity data (e.g., volume of materials/energy used) and their emission factors were not sufficiently precise and there was a possibility that calculated emissions would be less than actual emissions, we used a more conservative emission factor so that calculated emissions would never be less than actual emissions.
- ◆ The organizational boundaries of these calculations encompass NIPPONKOA and the subsidiaries (including those overseas) included in its consolidated financial statements.
- ◆ The operational boundaries of these calculations are those noted on p. 67. However, Scope 3 (indirect emissions resulting from business activities excluding use of fossil fuels and purchased electricity) activities are calculated only for NIPPONKOA.
- ◆ GHG emissions purchased as carbon offsets (see p. 70) were not subtracted from the emissions data shown on this page. This also applies to carbon sequestered by NIPPONKOA Forests (see p. 74).
- ◆ When we expanded the organizational boundaries of calculations to include consolidated subsidiaries, we added thermal energy (steam, hot water, cold water) to the calculations and also fixed a calculation error for class A heavy oil. We therefore went back and changed the performance figures for past years.
- ◆ For calculating use of fossil fuels, until FY2008 we estimated use based on costs, but since FY2009 we have used actual measured values. We make continual efforts to use actual measurements of activities where we previously used estimated and other non-measured values.
- ◆ Some, but not all, data have been validated by a validating institution (SGS Japan). Performance data in FY2012, the year we plan to become carbon neutral, will undergo complete validation by a validating institution.
- ◆ GHG emissions calculation results are reported to and approved by our internal Environment Committee (chaired by the company president). The Environment Committee appropriately manages yearly GHG data.
- ◆ Reporting periods and activities not provided above are described in the *CSR Report*.
- ◆ The CSR Department general manager is responsible for GHG emissions reporting.
- ◆ We conduct GHG emissions reporting while referring to ISO 14064-1 (specification with guidance at the organizational level for quantification and reporting of greenhouse gas emissions and removals).

CO₂ Emissions by Category (FY2010)

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

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

Performance Data on Energy Use

Energy Use: Past Performance and Future Targets

Total Energy Use

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

Electricity Purchased

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

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

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

Renewable Energy

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

Gas

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

Liquefied Petroleum Gas (LPG)

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

Class A Heavy Oil

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

Kerosene

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

Overall Review of Performance in FY2010

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

A Strong Organization that Makes Full Use of Its Human Resources

Developing Human Act Autonomously, and

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

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

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

Basic Human Resource Development Principles

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

Resources Who Think Independently, Engage in Continual Learning

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

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

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

Strengthening Education and Training to Develop Autonomous Human Resources

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

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

Developing Global Human Resources and Improving the Organizational Abilities of Managers

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

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

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

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

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

Percentage of People Participating in Human Rights Training

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

* Board members/temporary employees are included among participants

Degree of Employee Satisfaction

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

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

Creating Workplaces that Make Use of Diverse Human Resources

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

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

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

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

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

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

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

■ The Lady, Go! Project

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

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

■ Support for Balancing Work and Raising Children

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

Realizing Work-Life Balance

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

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

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

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

■ Activities to Support People with Disabilities

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

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

■ Re-Employment for People of Retirement Age

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

NKSJ

HOLDINGS

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