



► **Act Like A Duck**

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# Letter From The CEO

**At Aflac, we understand that consumer and shareholder trust can only be earned through years of ethical behavior — but can vanish in an instant. It is this knowledge that helps guide our decisions and consolidates our companywide commitment to our long-held values that include taking care of employees, prioritizing customers and remaining honest in business dealings. In this report we will focus on the events of 2011 through March 31, 2012 that have helped demonstrate Aflac’s commitment to our principles.**

**L**ike any company, Aflac survives on profits, but we thrive on principles. Our reputation defines us, which is why I am proud we were again recognized by Ethisphere magazine as one of the World’s Most Ethical Companies, the only insurance company on this list for six consecutive years.

Our diverse employees are the cornerstone of our business model, making us all proud to land a place on *FORTUNE*’s Best Companies to Work For ranking for an amazing 14 straight years. We have also been on *FORTUNE*’s Most Admired Companies list 11 times, *Black Enterprise*’s list of 40 Best Companies for Diversity and *LATINA Style*’s list of Best Companies for Latinas, seven and 11 times respectively.

2011 saw a significant accomplishment in Aflac’s sustainability credentials as we were named to the Dow Jones Sustainability Index (DJSI) North America list for the first time, demonstrating our obligation to social responsibility. We also soared 100 places in Newsweek’s annual green rankings and once again, our employees volunteered their valuable time to construct a home for a family in need with Habitat for Humanity in our hometown of Columbus, Georgia.

Giving is second nature at Aflac. In fact, in 2011 we surpassed \$70 million in contributions to treat and research pediatric cancer. Through the Aflac Cancer Center in Atlanta, the sale of our annual plush Holiday Duck, and various fundraising events we made a difference in the lives of families facing this terrible disease. Proudly, our independent sales associates contribute more than \$425,000 every month from commission checks, bringing hope to families and resources to scientists searching for a cure.

In March, when Japan was battered by a terrible tsunami, destroying everything in its path, Aflac and its employees stepped up again. In response to heart-break Aflac and employees contributed more than \$1.25 million to help the people of Japan, where Aflac conducts more than two-thirds of its business.

I have been CEO at Aflac for 22 years and have never seen our people more determined in their commitment to community. Yet no matter how many accolades or awards we receive, we know that our reputation is only as strong as what we do tomorrow.

To that end, we will continue our tradition of transparency and rigid business ethics by enacting a program called

The Aflac Trust; a companywide effort with a mission to deter, prevent, detect and respond to potential fraud and abuse. We’re expanding our volunteer efforts by providing altruistic employees and associates with a mechanism to find volunteer opportunities in their communities. We are committed to making a difference and are honored to demonstrate that you can be a successful business without sacrificing principles.



**Daniel P. Amos**

*Chairman and Chief Executive Officer*



Aflac's core product is a promise: a promise to help our policyholders in their time of need, should it ever arise. Keeping that promise is the cornerstone of our business, and guides all aspects of our operations. Integrity is not an afterthought at Aflac; it is our reason for being. Our entire company culture — our relations with our employees, our suppliers, our communities, our natural surroundings and our investors — is designed to support and reinforce the promise we make to our customers.

## ▶ **A Bird's-Eye View**



# promise

**Aflac was founded as the American Family Life Insurance Company on November 17, 1955 by three brothers: John, Paul, and Bill Amos. In its first year of operation, Aflac had 6,426 policyholders and \$388,000 in assets. Today, Aflac is a thriving Fortune 500 international insurance company listed on the New York Stock Exchange. Our company insures more than 50 million people worldwide, and had more than \$117 billion in annual assets and more than \$22 billion in annual revenues as of December 31, 2011. Even with this tremendous growth, the trust and dedication typical of a family-owned business still characterize our workforce and govern our decisions.**

## Insurance of a Different Feather

**A**flac is not a typical insurance company, and it never has been. For more than five decades, Aflac insurance policies have helped provide policyholders with financial protection against loss of income and assets by paying cash benefits directly to the insured if a specified health event or life situation occurs. Individuals can use the cash to help pay for unexpected expenses resulting directly from illness or injury, or for everyday things like groceries, utilities, and house and car payments. Aflac's individual insurance policies include accident, cancer, short-term disability, hospital intensive care, hospital confinement indemnity, hospital confinement sickness indemnity, critical care and recovery (specified health event), life, lump sum, dental, and vision.

## Numbers to Quack About

► **As of March 1, 2012, Aflac was rated AA- by Standard & Poor's, Aa3 by Moody's Investors Service, A+ (Superior) by A.M. Best for financial strength, and AA- by R&I for financial strength, which exemplifies our ability to pay claims.**

Despite the challenges that faced the life and health insurance industry as a whole in 2011, Aflac generated solid financial performance for the year. Although net earnings were negatively impacted by larger investment losses in 2011 than in 2010, declining 16.2% to \$1.96 billion, total revenues rose 6.9% to \$22.2 billion, benefiting from strong sales through banks in Japan and a stronger yen/dollar exchange rate.

For the 22nd consecutive year, we achieved the primary financial objective we use internally to assess the growth of our business—the growth of net earnings per diluted share, excluding currency. We believe this measure best exemplifies our management and business performance, and that achieving it is the principal driver of creating value for our shareholders over the long term. We also increased cash dividends for the 29th consecutive year: our cash dividend payments in 2011 were 7.9% higher than in 2010. In addition, for 2011, we targeted a risk-based capital (RBC) ratio in the range of 400 to 500% and at the end of the year, we had achieved an RBC ratio was 493%.

# honesty

## A Duck with International Appeal

Since his introduction in 2000, the Aflac Duck has received many accolades, including being named as

one of the Top 25 Power Brands in the United States by *Forbes* magazine in 2004, being enshrined on Madison Avenue's Walk of Fame in 2005, and most recently being inducted into the PR News Public Relations Hall of Fame in 2011. The Aflac Duck also made his first appearance in the Macy's Thanksgiving Day Parade in New York in 2011.

In both the United States and Japan, nine out of ten people recognize the Aflac Duck. In Japan, the Aflac Duck's persona has assumed a slightly quieter side as he adapts to local norms of behavior, but in both countries, he is sensible, reassuring and honest. He has proven to be an excellent representative of Aflac's corporate culture and values.



Although Aflac has grown a great deal since the three brothers founded it in 1955, we try not to stray from our core family values of trust, loyalty, candor and compassion. We believe that if our employees are treated with respect and kindness in the workplace, they will reflect those values to our customers. To that end, we offer excellent benefits, competitive salaries, award-winning training, advancement opportunities, on-site child care, college scholarships, and employee appreciation events and awards.

## ► **Take Care of Your Flock**



# loyalty



## Keeping Everyone Afloat

**F**or 14 years in a row, *FORTUNE* magazine has named Aflac to its list of the 100 Best Companies to Work For. To help employees balance work and family, we offer flextime, compressed workweeks, and telecommuting. We also fund high school, college, and graduate school scholarships for employees and their children and grandchildren.

All of our employees receive a comprehensive benefits package that includes health, dental, and life insurance, plus they have a range of other insurance policies available to them. In addition to running our two on-site acute care clinics, our Health Services department sponsors an annual health fair, flu shots, weight loss programs, and health screenings for employees and their families. Our campuses offer miles of scenic walking trails, fitness centers, and cafeterias stocked with a wide variety of nutritious selections.

We provide a generous 401(k) plan, an employee stock-purchase program, profit-sharing bonuses, and rewards for tenure and superior performance.

**FORTUNE**  
**100**  
**BEST**  
**COMPANIES**  
**TO WORK FOR**  
**2012**  
**14 Consecutive Years!**



# integrity

## Growth and Development

All employees are given a copy of *The Aflac Way*, the book which reflects Aflac's founding philosophy and culture, reminds us of the promises we make to every customer, and outlines the specific actions we must take to keep those promises. In addition, our publication *Employee Matters* features stories that illustrate what Aflac strives to be and reinforce the value that the company places on integrity. Each year during Employee Appreciation Week our workforce is reminded of what it means to be part of the Aflac family.

Our company celebration includes significant prizes and awards that recognize our employees and their commitment to Aflac's guiding principles.

All 4,500 employees of Aflac Incorporated now have access to a learning tool from one of the most recognized names in leadership—Harvard Business Publishing. With audio downloads, video clips, interactive activities and other tools, Harvard *ManageMentor* gives users instant access to practical information that can be used immediately to address issues. In addition,

more than 19 need-based courses are offered for professional, technical, and administrative employees. These courses include computer training, job-specific training, industry education to encourage career advancement, and a multi level management training program. Courses are free, exam costs are reimbursed, and courses are offered online for optimal ease and accessibility. In addition, cash awards are provided to employees as an extra incentive to expand their knowledge.

A photograph of two women standing side-by-side. The woman on the left is wearing a black button-down shirt and has her hand on the shoulder of the woman on the right. The woman on the right is wearing a black t-shirt and glasses, and is holding a white award certificate. The certificate has the 'Aflac Bright Ideas' logo at the top, followed by '2nd Place Annual Winner 2011' and 'presented to Tina Sanderson'.

**The Aflac Bright Ideas program empowers employees to submit ideas that could reduce waste, reduce our carbon footprint, increase morale and save money for the organization.**

# diversity

## Strength in Diversity

Our commitment to diversity has been recognized by magazines such as *Black Enterprise*, *LATINA Style*, and *Hispanic Enterprise*. The statistics of Aflac's workforce, however, best reflect our commitment to a strong, diverse team:

- ▶ Women account for 49% of Aflac's management (*supervisor level and above*).
- ▶ Roughly 67% of Aflac employees are women.
- ▶ Women account for about 24% of our senior executives (*VP and above*).
- ▶ Minorities make up about 39% of Aflac's workforce.

Aflac understands the benefit of extending our diversity initiatives to suppliers, and our efforts have been recognized. Not only has *Hispanic Enterprise* repeatedly included Aflac in its annual listing of the Top 50 Corporations for Supplier Diversity, but DiversityBusiness.com has also named Aflac as a leader among corporations providing a noteworthy amount of business to women- and minority-owned companies.

Aflac is a proud member of the National Minority Supplier Development Council (NMSDC), a nonprofit organization chartered to increase opportunities for minority businesses. To encourage small and minority business development, we have implemented many outreach efforts and training programs for minority, women, and small-business owners.



In January 2012, Dan and Kathelen Amos received a Business to Business Annual Award for their philanthropy in Atlanta. Their efforts were matched by the contributions of the Aflac workforce. Our commitment to community service, goodwill, and generosity starts at the top and extends throughout the company.

## ▶ Give a Quack



## inspire



**Aflac was the first company to donate to the Red Cross for the victims of the Great Earthquake of Japan of March 2011, and Aflac New York employees collected nearly 300 pounds of cleaning supplies, toiletries and baby care items for the victims of Hurricane Irene and Tropical Storm Lee.**

### Storm Recovery

Aflac was the first company to donate to the Red Cross for the victims of the Great Earthquake of Japan of March 2011, giving ¥100 million (about \$1.2 million). Aflac U.S. employees raised an additional \$120,000 through the sale of blue friendship wristbands featuring the Aflac Duck and “together” written in Japanese and English. Aflac matched the first \$100,000 in wristband sales, bringing the combined donation from the wristband fundraiser to \$220,000.

Aflac New York employees collected nearly 300 pounds of cleaning supplies, toiletries and baby care items for the victims of Hurricane Irene and Tropical Storm Lee, which had caused serious flooding in August and September. Inspired by the employees’ efforts, the Aflac Foundation contributed \$20,000 to assist area residents affected by the storms.



# believe

## Attacking Cancer

**W**e've passionately supported the fight against childhood cancer for 17 years. Throughout that time, the extended Aflac family has given more than \$70 million to childhood cancer through our relationship with the Aflac Cancer and Blood Disorders Center. The Atlanta-based children's center is a national leader among childhood cancer, hematology, and blood and marrow transplant programs, serving infants to young adults. Recognized as one of the top childhood cancer centers in the country by U.S. News & World Report, the Aflac Cancer and Blood Disorders Center treats more than 370 new cancer patients each year and follows more than 2,500 children with sickle cell disease, hemophilia and other bleeding disorders. No relationship has been more meaningful to Aflac than the one we've established with the Aflac Cancer Center.

In 2011, Aflac partnered with Macy's for the 11th consecutive year to sell the special limited edition Aflac Holiday Duck. Since sales began in 2001, the Aflac Holiday Duck has raised over \$3 million for the fight against childhood cancer. Funds this year were donated to 56 participating children's hospitals across the country.

Aflac Holiday and philanthropy partnership promotions involving Macy's include four key elements: a new Aflac Duck balloonicle that made its inaugural appearance in the 85th Anniversary Macy's Thanksgiving Day Parade; the sale of the 2011 plush Aflac Holiday Duck at 694 Macy's stores across the nation, with all proceeds going to the treatment and research of childhood cancer; the Macy's "Believe" Santa Tour that brought holiday happiness to cities across the country at a variety of local events, including the 25-city bus tour and stops at 11 local pediatric cancer hospitals; and the Macy's Holiday Tree Lightings and Holiday Festivities in Atlanta, Boston, Chicago, Philadelphia and San Francisco.

Aflac also donated one dollar to the Aflac Cancer Center and Blood Disorder Service when individuals took any of the following social media actions:

- ▶ Checked in to NBC's coverage of the 85th Annual Macy's Thanksgiving Day Parade on a leading social network for entertainment, GetGlue.com (543,890 check-ins raised \$543,890).
- ▶ Checked in with Foursquare - a leading location-based social application that allows users to check in with friends about where they are - while at any Macy's Department store between Thanksgiving Day and December 24th (99,112 check-ins raised \$99,112).
- ▶ Posted a photo on facebook.com/aflacduck that was related to Aflac's promotions supporting the Aflac Cancer Center or any of Aflac's philanthropic promotions being conducted with Macy's.
- ▶ Retweeted a tweet from the Aflac Duck (@aflacduck) about how to join the fight against childhood cancer (12,979 retweets raised \$12,979).

The Macy's "Believe" Santa Tour,  
Columbia, SC.



## support

Under the auspices of Friends of a Feather, Aflac committed to match up to \$2 million dollars in donations during Childhood Cancer Awareness Month, September 2011. During this time, an Aflac plush duck purchased for \$10 triggered an additional \$20 donation to the Aflac Cancer Center. We sold almost 13,000 ducks and, with Aflac matching grants included, raised more than \$516,000.

Aflac also designed a car with duck feathers painted from front to back, inscribed with the names of some of the unsung heroes who have gone the extra mile for 12-year-old Hannah Layfield. Hannah, like so many children facing cancer, has an army of people that have stood by her and her family during her cancer journey. During Childhood Cancer Awareness Month, Aflac wanted to recognize the

many people who join together to support children and their families battling cancer.

Aflac's executive management is a strong ally in the achievement of the Aflac Cancer Center's long-term strategic vision under the leadership of Dr. William Woods, recipient of the Daniel P. Amos Chair endowed by Aflac in 2000.

In addition, last year, Aflac was instrumental in funding strategic research initiatives in the Aflac Cancer Center, which was recently designated as a Phase I research center. Additionally, Aflac funds Aflac Cancer Center Fellows — training tomorrow's pediatric cancer physicians today, and supporting family support team positions, including social workers, chaplains, schoolteachers and child life specialists who play a vital role in the childhood cancer journey.



Aflac knows that care does not stop once a child's cancer treatment ends. To provide ongoing care to children who are considered cancer-free but who still face issues such as learning disabilities or reproductive challenges, Aflac funded the Cancer Survivor Clinic in 2001. Today, it is one of the nation's leading programs focusing solely on post-therapy issues of cancer survivors. In 2007, Aflac presented a \$1.5 million Kathelen V. Amos Children's Chair for Cancer Survivorship to Dr. Lillian R. Meacham of the Aflac Cancer Center.

As part of the more than \$70 million that Aflac has contributed to the Aflac Cancer Center, Aflac sales agents have contributed tens of millions of dollars toward ending pediatric cancer and helping its young victims and their families. In fact, more than 16,000 independent Aflac national sales agents contribute more than \$425,000 from their commission checks each and every month. Aflac sales agents have also funded the Aflac Field Force Children's Chair for Sickle Cell Disease, and the Chair for Experimental Therapy.

Aflac employees have rallied around the Aflac Cancer Center in many ways. Every month, Aflac employee volunteers visit the Aflac Cancer Center, play Bingo with the patients and distribute prizes supplied by Aflac. Throughout the year, employees also hold toy drives, organize sports tournaments and direct other fundraisers to generate thousands of dollars to help support the Aflac Cancer Center.

Through Aflac's relationship with Children's Oncology Group, Aflac extended its cancer support to adolescents

and young adults (AYA) with cancer, an age group that has been overshadowed by national and local efforts over the past half century to assist children and older adults with cancer. Aflac is supporting a national initiative to investigate why this age group has not fared as well as younger and older patients in improving the cure rate and quality of survival.

As a result of Aflac support of AYA cancer research, a greater national awareness of the needs of this age group has developed, and other organizations, including the federal government and comprehensive cancer centers, are joining the cause.

Since 2004, Aflac has provided financial support to the Child Life Therapy Program at the Morrell Center for Childhood Cancer and Blood Disorders housed in the Children's Hospital at the Albany Medical Center.

Since 2003, Aflac has worked with the University of Nebraska Medical Center to establish the Aflac Fund for Childhood Cancer Patients and Families to support the pediatric hematology-oncology and bone marrow transplantation multidisciplinary team, a vital component of the transplantation experience for patients and their families.

In 1999, Aflac became a founding sponsor of the American Association of Cancer Research (AACR) and continues to work to expand the travel awards program and other initiatives designed to meet the needs of early career cancer investigators.

**More than 16,000 independent Aflac national sales agents contribute more than \$425,000 from their commission checks each and every month toward ending pediatric cancer and helping its young victims and their families.**

Aflac has registered thousands of individuals as potential donors during several bone marrow registration drives, some of which have produced positive results. In November 2009, the National Marrow Donor Program honored Aflac's efforts by presenting President of Aflac and Chief Operating Officer of Aflac U.S. Paul Amos with the Admiral Zumwalt Corporate Award for the corporation that best demonstrates a commitment to bone marrow registration and education.

Aflac also uses its advertising sponsorships to spotlight pediatric cancer. Every year Aflac sponsors several trips to Major League baseball parks to give pediatric cancer patients a chance to get away from the hospital and out to a ballgame.

### Keeping It Local

Aflac offices are a vital part of their communities. Here are some of the local causes to which our regional offices and employees contributed in 2011.

#### Georgia office:

American Association for Cancer Research (AACR)  
 Children's Miracle Network  
 Girl Scouts of Historic Georgia, Inc. (formerly Girl Scouts of Concharty Council)  
 House of Heroes  
 Arthritis Foundation  
 Columbus Hospice  
 Alzheimer's Association  
 Beads of Courage  
 United Way of the Chattahoochee Valley  
 Urban League of Greater Columbus, Inc.  
 Big Brothers Big Sisters  
 NeighborWorks Columbus

Shepherd Center  
 Children's Healthcare of Atlanta Foundation  
 ATLCF Collections LLC  
 Chattahoochee Valley Regional Library  
 National Infantry Foundation  
 Columbus State University  
 Phenix City Public Library  
 Columbus Technical College  
 American Red Cross — West Central Georgia Chapter  
 Columbus Area Habitat for Humanity, Inc.  
 American Red Cross of NE NY  
 Children's Oncology Group Foundation  
 Trust for the National Mall  
 BMT Infonet  
 American Red Cross of East AL  
 Georgia CORE  
 NCCS — The National Children's Cancer Society  
 Be the Match Foundation  
 Hemophilia of Georgia, Inc.

#### New York office:

American Cancer Society  
 Regional Food Bank  
 Adopt-a-Family  
 Juvenile Diabetes Research Foundation

United Way  
 Beads of Courage  
 The Children's Hospital at Albany Medical Center

#### Nebraska office:

American Heart Association  
 March of Dimes  
 Juvenile Diabetes Research Foundation  
 United Way  
 University of Nebraska Medical Center

#### South Carolina office:

American Cancer Society Relay for Life  
 Special Olympics  
 Harvest Food Bank

In 2011, Aflac employees volunteered approximately 13,750 hours. Through the Aflac Cares program, we honor their efforts. We name a Volunteer of the Month to recognize the time an employee spends helping his or her charity of choice. During Employee Appreciation Week, we present the Volunteer of the Year Award and make a cash donation in the winner's honor to their favorite charity.

Several women from Aflac's Claims and IT units made hats and delivered them to the children at the Aflac Cancer Center for the holidays.





# honor



## Honoring America's Heroes

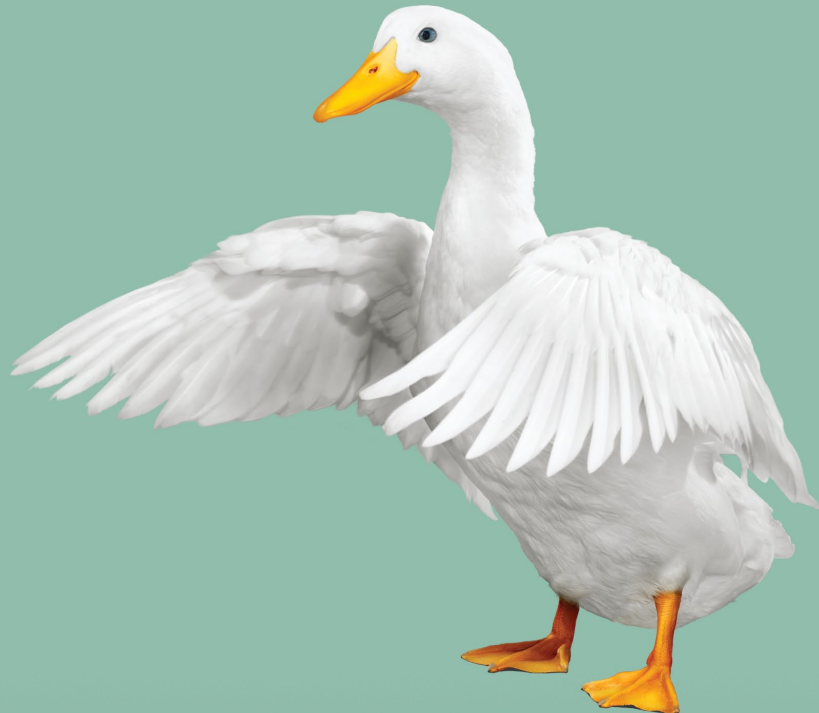
**I**n 2005, Aflac made a gift of \$1 million toward the construction of a national memorial commemorating the life and work of Dr. Martin Luther King, Jr. That same year, Aflac presented a check for \$1 million to the Smithsonian Institution for the building of the National Museum of African-American History and Culture—the only national institution devoted exclusively to the documentation of African-American life, art, history, and culture. Aflac continues to support these institutions.

Aflac also provided \$1 million for the development of the National Infantry Museum and Heritage Park in Georgia, and continues to support the museum and Fort Benning. In February 2012, Aflac's Dan Amos was himself honored to be the guest speaker at the graduation ceremony of Foxtrot Company, 2nd Battalion, 19th Infantry Regiment at Fort Benning.

Aflac believes that being a good neighbor means that we should always respect our environment and show consideration for everyone who shares our planet.

We've made great strides in our commitment to sustainability. In fact, Aflac was included in the 2011/2012 Dow Jones Sustainability Index (DJSI) North America for the first time, and is among just three U.S. insurers on this prestigious list.

## ► **Be Kind to Your Pond**



## Sustainability in Facilities

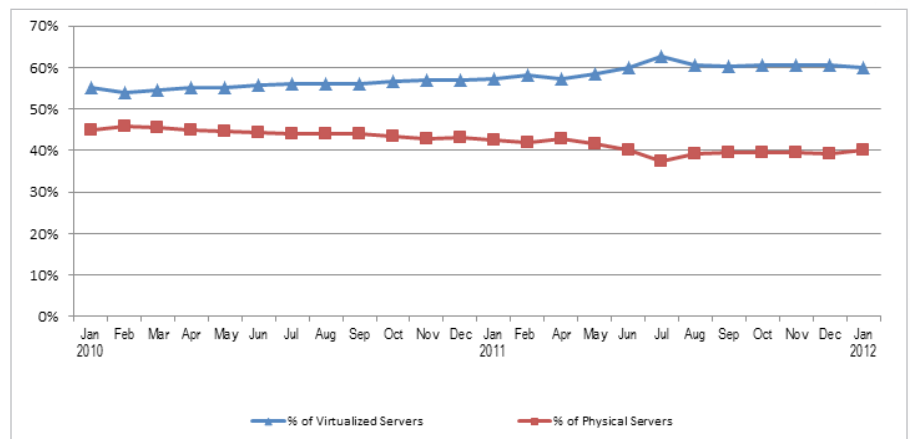
Over a four-year period, Aflac significantly reduced electricity usage in its major buildings despite a 24 percent increase in square footage. From 2007 through 2011, electricity usage was reduced by 21 percent. By implementing energy-saving measures, the company avoided nearly \$3.5 million in electricity expenses over five years.

Some of the energy-saving initiatives implemented in 2011 include installing LED lighting in the parking lots and switching to LED lights for our holiday display, replacing lights in the parking garage, and adding motion sensors so parking garage lights are illuminated only when needed.

**Over a four-year period, Aflac significantly reduced electricity usage in its major buildings despite a 24% increase in square footage.**

## Virtualization of our Servers

Significant energy savings are realized by the virtualization of our computer servers. Our computing platforms use virtualization concepts as a tool to optimize capacity utilization while controlling energy consumption. As of January 2011, we had 727 physical servers and 1091 virtual servers to support our operations. See savings calculator below for estimated cost savings.



Per VMWARE calculator the savings are as follows based on their stated assumptions.

### GREEN CALCULATOR

Reduce Energy Cost & Environmental Impact with Virtualization

How many servers\* do you plan to virtualize?  servers ▶

\*Calculations are based on the power consumption of a standard 2 CPU server

	Physical	Virtualized	Savings
<b>Energy Savings:</b>			
Annual Server & Cooling Energy Usage (kWh)	8,243,051	1,030,381	7,212,669
<b>Cost Reduction:</b>			
Physical Hardware <sup>1</sup>	\$ 4,364,000.00	\$ 654,600.00	\$ 3,709,400.00
Annual Energy Cost <sup>2</sup>	\$ 824,305.00	\$ 103,038.00	\$ 721,267.00
<b>Environmental Impact:</b>	Planting Trees	Cars off the highway <sup>3</sup>	Annual CO2 Emission(lbs/kg) <sup>4</sup>
These savings are equivalent to	17,118	968	11,417,655 lbs
			5,178,961 kg

<sup>1</sup> Assumes transition from 2CPU dual core to 2CPU quad core at \$4000 per server and \$6000 per server, respectively.

<sup>2</sup> Assumes \$0.10/kWh, and operating power of 375 Watts per Physical Server and 469 Watts per Virtualized Host Server. Cooling power multiple of 1.3x operating power.

<sup>3</sup> Assumes 12,000 miles per year and 20 mpg.

<sup>4</sup> Assumes 1.583 lbs CO2 emission per kWh.

## Recycling Efforts

**R**ecycling at Aflac continues to improve as the grass-roots green movement catches on. Our recycling rate in 2011 was 75.2 percent, compared to 72.2 percent in 2010. We recycle our aluminum, plastic, office paper, cardboard, polystyrene, batteries, electronics and fluorescent light bulbs. Polystyrene food containers are condensed using a densifier and stored until we have a full load go to the recycling plant. We recycled almost 9,000 pounds of polystyrene in 2011.

## 2011 Recognitions

### Energy Star Rating

Our data center received the prestigious Energy Star Rating from the U.S. Environmental Protection Agency, making it only the 10th data center in the nation to become Energy Star labeled. The Energy Star Rating is a national mark of excellence in energy performance, and facilities that earn this rating are operating with a smaller carbon footprint. Additionally, our Information Technology Center, Aflac's third largest facility, also received the Energy Star Rating in 2011.

Aggressive energy conservation measures taken since 2007 raised Aflac's Energy Star portfolio average from a baseline score of 49 to 74. Over 80% of Aflac's portfolio is Energy Star certified. Through 2011, the Portfolio Adjusted Percent Energy Use has been reduced by -23.4 percent.

### Keep Columbus Beautiful

Keep Columbus Beautiful recognized Aflac for our dedication to the environment and our efforts to prevent litter in our community. Among the reasons cited for our selection were: our internal efforts to improve environmental awareness through Facilities and the Green Committee, as well as our assistance with the annual Help the Hooch riverway cleanup effort.

### Newsweek

Aflac has fortified its growing reputation as an environmentally friendly business, moving up 100 spots from last year's ranking of green businesses in America by Newsweek. Aflac cracked the top 15 percent for overall green score and is ranked fourth in the insurance industry in the category of Environmental Impact with a score of 87.63. The environmental impact score measures a company's worldwide footprint based on more than 750 metrics.

### Dow Jones Sustainability Index

The 2011/2012 Dow Jones Sustainability Index (DJSI) North America list named Aflac as an honoree. This is the first time Aflac has participated in the DJSI survey, and our company is among just three U.S. insurers on the prestigious list. Aflac scored above the industry average in the following categories: Environmental Footprint, Codes of Conduct, Corporate Governance, Brand Management, Corporate Citizenship & Philanthropy, Labor Practices Indicators and Stakeholder Engagement.

**Aflac cracked the top 15 percent for overall green score and is ranked fourth in the insurance industry in the category of Environmental Impact with a score of 87.63**



# recycle

## 2011 Green Committee Events

### Electronic Waste Recycling Drives

Our semi-annual electronic waste recycling drives are another big win for the Green Committee. In 2011, we collected seven TV's, 36 PC's, 51 monitors, and additional electronics; diverting 3,855 lbs. from the landfill.

### Arbor Day Tree Giveaway

Aflac partnered with nonprofit organization, Trees Columbus, to provide free trees for Aflac employees. Trees Columbus provided 250 trees for Columbus-based employees to assist in greening our town. The Green Committee held a sign-up for interested tree owners and then randomly selected winners. Reports continue to pour in about healthy thriving trees.

### Recycling station and Kick the Can Campaign – October

At the Paul S. Amos campus, more than 100 employees have kicked the can – the garbage can – to support Aflac's green efforts. Aflac challenged workers in Policy Service to give up their workstation garbage cans and instead use a new centrally-located recycling center. Participating employees gathered garbage cans from break areas, conference rooms and empty work stations and returned them to inventory.

The new recycling station is a one-stop center for recycling materials from aluminum cans and plastic bottles to newspapers and magazines.

### Other Green Committee Projects:

- Earth Hour
- Earth Day
- Bike to Work Day
- Freecycle Office Supply Exchange
- Help the Chattahoochee-riverway cleanup



It's recycling day at headquarters in Columbus.

## Looking Ahead

Here are some specific sustainability goals for 2012:

- ▶ Purchase a digester to consume thousands of pounds of food waste at Paul S. Amos campus.
- ▶ Create formalized energy and water plans.
- ▶ Evaluate and implement ISO 14001 environmental management standards.
- ▶ Begin Global Reporting Initiative (GRI) sustainability reporting.
- ▶ Implement the Hara Energy and Sustainability System software platform for energy and sustainability management.
- ▶ Install electrical sub-meter to better track the effectiveness of system upgrades.



Honesty and integrity are the backbone of the trusting relationships that Aflac has developed during nearly 60 years of serving clients, policyholders, sales associates, and shareholders. In fact, abiding by a strong code of ethics and compliance is second nature to Aflac employees, reinforced by constant formal and informal reminders of the principles that have created a Fortune 500 company from the humble beginnings of a family-owned business.

## ► **Swim the Good Swim**



## From the Beginning

**A**t Aflac, ethical behavior starts on Day One. Once hired, new employees attend a mandatory seminar designed to welcome them into the Aflac family and to provide them with information they will need to be successful. Everyone receives a copy of Aflac's publication, *The Aflac Way*, which contains a collection of guiding principles and nuggets of Aflac wisdom that sums up the way we have done business over the last 50 years. *The Aflac Way* serves as a continual reminder to each employee of the

promises we make to every customer and the specific behaviors needed to keep those promises. The behaviors outlined in *The Aflac Way* are reinforced with an incentive reward system called Aflac Way Honors.

In addition to *The Aflac Way*, the company provides employees with its Code of Business Conduct and Ethics, which is also posted on the company intranet. Every employee, regardless of position, is expected to honor this code and conduct business accordingly. Aflac also requires all employees—within thirty days of beginning employment

and every year thereafter—to complete and pass an online course on privacy issues.

It is not enough that Aflac employees behave ethically internally. The company also has a clear code of ethics with regard to suppliers and employee interaction with suppliers. All contracts and agreements entered into by Aflac and its subsidiaries must be in compliance with applicable laws and regulations. The Aflac Purchasing and Procedures Manual covers the detailed policies under which all purchasing activities are to be conducted.

**Aflac is committed to serving our policyholders, certificate holders, shareholders and employees in an atmosphere of Trust, Caring, Honesty, Integrity, Loyalty, and Respect.**





### From the Top

Chairman and CEO Dan Amos sets the tone for Aflac employees to follow, consistently sending a strong message that ethics come first. When the actor who voiced the Aflac Duck made offensive comments following the terrible tsunami in Japan, Dan was decisive in severing ties and announcing a nationwide casting call for a new voice. Despite the many challenges involved in an unplanned overhaul, doing the right thing outweighed the costs associated with change.

In 2008, Dan and Kriss Cloninger III, Aflac Incorporated President and Chief Financial Officer, both voluntarily reduced their earned bonuses, and in 2009, Dan announced that he would dispense with components of his separation of service package (Golden Parachute), turning away up to \$13 million should he separate from the company.

As a publicly traded company, Aflac prides itself on incorporating transparency into everything it does, including compensation. In 2008, Aflac made business history by being the first public company in the United States to adopt an advisory shareholder vote on compensation. Since then many companies have followed Aflac's lead.

### From All Angles

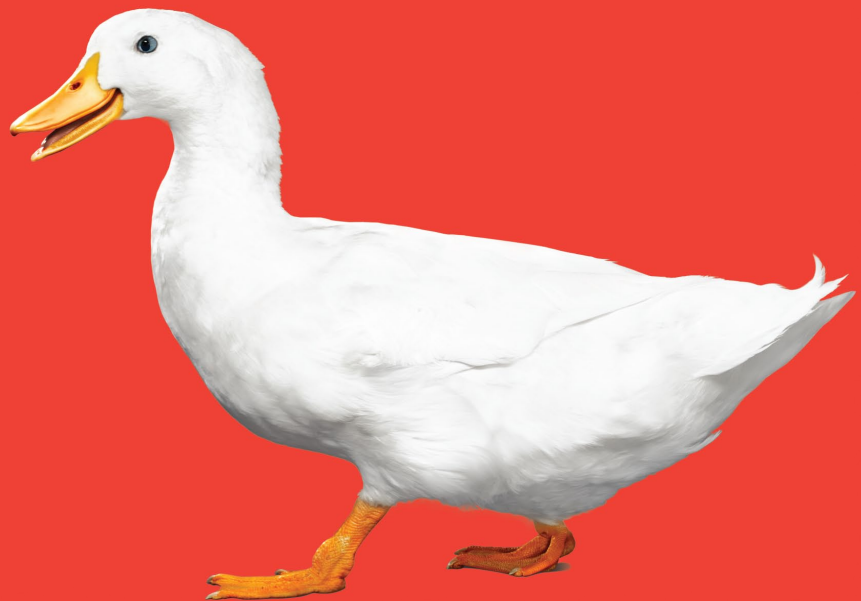
The Aflac Trust was established and staffed in the fourth quarter of 2011 to uphold and preserve Aflac's commitment to serving our policyholders, certificate holders, shareholders and employees in an atmosphere of Trust, Caring, Honesty, Integrity, Loyalty, & Respect. The Aflac Trust deters, prevents, detects and responds to fraud and abuse by:

- ▶ **Setting standards for the enterprise and the field that are aligned with regulatory requirements.**
- ▶ **Educating employees through effective fraud awareness programs (for instance, the "Acting With Integrity" online training course for agents).**
- ▶ **Implementing analytical tools to identify trends and patterns.**
- ▶ **Employing effective product, process and system controls.**
- ▶ **Investigating and settling fraud referrals efficiently and effectively.**
- ▶ **Aggressively pursuing violators.**
- ▶ **Communicating and reporting to appropriate internal and external entities.**

The Aflac Trust was founded to make sure Aflac always lives up to its reputation as the Insurance Industry's most trusted and ethical company.

Aflac Japan is equally committed to fulfilling its responsibility as a corporate citizen, striving to meet shareholder expectations, and giving customers, business partners and other associates the peace of mind they deserve. Aflac Japan respects its employees, provides a great workplace, and actively promotes social contribution activities.

## ▶ **Ducks without Borders**



# generosity

## Aflac Japan Fights Cancer

**A**flac Japan established a philanthropy program called Aflac Kids Support System and works closely with the Aflac Parents House and Aflac Cancer Charitable Trust Scholarship Fund for Orphans. We also engage in community-based and educational activities related to cancer, funded by donations from employees and associates.

## Aflac Parents House

**W**hen children are diagnosed with cancer or other serious medical conditions, they often must travel to Tokyo or Osaka from other parts of Japan to receive ongoing treatment in their arduous journey back to health. Founded in 2001, the first Aflac Parents House has provided cheerful and spacious accommodations where these pediatric patients and their families can stay together in a home-away-from-home environment while they battle cancer or another disease.

Through generous donations from Aflac Japan's sales agents and employees, two Aflac Parents House locations in Tokyo and one in Osaka have helped thousands of children battling serious diseases including cancer.

In September 2005, Aflac Parents House was recognized by *Asahi Newspaper* and received the Asahi Corporate Citizen Award. In December 2010, Aflac Parents House, Aflac Charitable Trust Scholarship Fund for Cancer Orphans and the Gold Ribbon Campaign were recognized by the Japan Philanthropic Association and received the Philanthropy Award.

## Aflac Charitable Trust Scholarship Fund for Cancer Orphans

**A**flac Charitable Trust Scholarship Fund for Cancer Orphans is a scholarship program for high school students who have lost a parent to cancer. The selection process is based on the recipient having faced an economic hardship and meeting specific scholastic requirements. Recipients of the scholarship are given ¥300,000 per year towards education and living expenses.

## Cancer Awareness and Prevention

**A**flac contributes to the Gold Ribbon Campaign, which raises awareness of and research funds to fight pediatric cancer. While the initiative is still in its early stages, support from organizations and companies are gradually increasing.

Since 1994, Aflac Japan has hosted a charity concert to support children who are fighting childhood cancer and their families. Those who donate more than ¥10,000 to the fight against childhood cancer at the concert receive an Aflac Duck. A total of approximately ¥38 million has been raised to date. The charity concert is held in various locations and casts a variety of talented entertainers, with proceeds going towards families affected by cancer, hospitals and childhood cancer support groups.

Since 2004, Aflac has contributed to exhibitions focusing on cancer prevention and treatment held around the country. The exhibitions feature eminent keynote speakers, informative displays and videos, as well as pediatric cancer patients' artwork sponsored by the Gold Ribbon Campaign.

## Long-Term Care and Dementia Prevention Awareness

**A**flac Japan is one of the sponsors of the Symposium on Dementia Prevention, founded in 1989 by the *Mainichi Shimbun* and the Dementia Prevention Foundation. This event provides the opportunity for citizens to discuss long-term care issues and features a panel discussion with local government officials as well as lectures by dementia experts.

Aflac Japan also sponsors the Sawayaka Welfare Foundation, which hosts forums throughout the country that promote the creation of local networks to help the aging, and which pioneered the creation of a system whereby people earn credits by helping seniors in their community which they can then exchange for help for their own elderly relatives in distant places or for themselves in times of need.

As part of the annual Chronicles competition sponsored by the Japan Medical Association and the *Yomiuri Shimbun*, Aflac presents the Aflac Award to individuals providing outstanding health care and long-term care.

## Volunteer Activities

### One Hundred Club

Employee fundraising activities started in 1993. Employees specify an amount that they wish to have deducted from their monthly salaries toward Aflac Kids Support System, Gold Ribbon Campaign support groups, and global and environmental organizations. Approximately 80% of employees participate and the company donates a matching grant.

### Valentine's Day Blood Donation

Since the Kobe earthquake that took place in 1995, Aflac Japan has participated in blood donation initiatives. With the help of Aflac's agents, Aflac volunteers help blood donation campaigns throughout the country, especially during the month of February when blood supply in Japan is limited.

### Aflac Heartful Program

In 2011, Aflac Japan established a department called Aflac Heartful Program to help develop the talents, abilities, and independence of individuals with mental and physical challenges. Through the guidance of team coaches, Aflac Heartful Program provide opportunities for these employees to handle special projects that support Aflac Japan operations.

### Commitment to Environmental Issues:

Aflac Japan launched an initiative to promote energy conservation in April 2010, and continues to promote energy saving and resource conservation through measures such as these:



Action Plan	Major Initiatives
<i>Appropriate temperature setting</i>	Recommended cooling temperature in the summer: 28 °C (82.4 °F) Recommended heating temperature in the winter: 23 °C (73.4 °F) Business casual Opening and closing of the blinds
<i>Power savings</i>	Reduce work overtime Turn PC off while you are away Turn off power in absence zones (within the warehouses or locker rooms) Promote the use of stairs
<i>Water savings</i>	Introduce automatic flush toilets and sinks
<i>Use of eco-car for gasoline savings</i>	Fuel-efficient vehicles (limit emissions from commercial vehicles; up to 1,500 cc) ECO drive recommended
<i>Use of eco-products</i>	Purchase green office supplies Sale of household goods for associates Reuse of consumable household items
<i>Waste reduction and recycling</i>	Promotion of waste separation and recycling Reduce paper consumption

Aflac consistently makes a big splash in the community, winning many awards from being a great place to work, an ethical standout, to being admired by our peers. It's part of what makes Aflac the leader in our industry, a company that cares, and a brand people can trust.

## ► **Make a Splash**



- ▶ In March 2012, *Ethisphere* magazine included Aflac in its list of the World's Most Ethical Companies for the sixth consecutive year.
- ▶ In March 2012, *FORTUNE* magazine named Aflac to its list of America's Most Admired Companies for the eleventh year.
- ▶ In January 2012, *FORTUNE* magazine named Aflac to its list of 100 Best Companies to Work For for the fourteenth consecutive year.
- ▶ In January 2012, Dan and Kathelen Amos received a Business to Business Annual Award for their Atlanta Philanthropy.
- ▶ In October 2011, Aflac was named to the Dow Jones Sustainability List North America for first time.
- ▶ In September 2011, the Aflac Duck was inducted into the PRNews Public Relations Hall of Fame.
- ▶ In September 2011, Aflac soared 100 places on *Newsweek's* Green Rankings list of America's 500 largest companies for the second consecutive year.
- ▶ In August/September 2011, *Latina Style* magazine placed Aflac in the top five of the 50 Best Companies for Latinas to Work For in the United States. Aflac has been included on this annual list for eleven of the list's twelve years.
- ▶ In September 2011, *InformationWeek* included Aflac in its annual list of the 500 most innovative users of corporate technology. Aflac has been listed on this list for the past nine years.
- ▶ In July 2011, *Black Enterprise* magazine included Aflac in its list of the Top 40 Best Companies for Diversity for the seventh consecutive year.
- ▶ In June 2011, *Computerworld* magazine placed Aflac on its list of the 100 Best Places to Work in IT. Aflac has been included on this annual list since 1999.
- ▶ In May 2011, Aflac ranked number 125 on the *FORTUNE* 500 list of America's largest corporations.
- ▶ In February 2011, Aflac was awarded two Communitas Awards for excellence in community service and corporate social responsibility.
- ▶ In 2010, the U.S. Environmental Protection Agency awarded Aflac's ASC building with the Energy Star, the national symbol for superior energy efficiency and environmental protection.
- ▶ In December 2010, the U.S. Green Building Council (USGBC) awarded Aflac with its Leadership in Energy and Environmental Design-Commercial Interior (LEED) Gold certification for the renovation of the company's CSC office building.
- ▶ In February 2010, *Training* magazine included Aflac in its Top 125 list of companies with outstanding workforce development programs for the tenth consecutive year.
- ▶ In September 2009, *BusinessWeek* magazine included Aflac in its list of Best Places to Launch a Career for the second consecutive year.
- ▶ In September 2009, *The Atlanta Tribune: The Magazine* named Aflac as one of Georgia's Best Employers for Minorities.
- ▶ In 2009, the Reputation Institute in its Global Reputation Pulse report named Aflac as the most respected company in the global insurance industry for the second consecutive year.
- ▶ In 2009, the U.S. Environmental Protection Agency awarded Aflac's two largest buildings with the Energy Star, the national symbol for superior energy efficiency and environmental protection.
- ▶ In April 2009, the Profiles International Research Institute included Aflac in its America's Most Productive Companies Best of the Best list.
- ▶ In April 2009, *Institutional Investor* magazine named Aflac as the best in the Insurance/Life category for investor relations.
- ▶ In April 2009, City Business Journals Network selected Aflac as the top brand in the insurance and financial services industry, capturing the American Brand Excellence Award.
- ▶ In March 2009, Aflac Investor Relations shared the award for best investor relations website at *IR Magazine's* U.S. Awards dinner. This was the eighth year that Aflac has been honored by *IR Magazine*.
- ▶ In January/February 2009, *Corporate Responsibility Officer* magazine named Aflac to its list of 100 Best Corporate Citizens for 2009.
- ▶ In February/March 2008, *Hispanic Enterprise* magazine named Aflac as one of the 50 leading companies for supplier diversity for the third consecutive year.