

2010 Global Compact CJK Researchers Meeting
Discussion on CJK CSR Report Research
August 2nd

CSR Reporting in Japan

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I. Current Situation of CSR Reporting in Japan

1. CSR Reporting by Japanese companies

- KPMG: International Survey of Corporate Responsibility Reporting 2008
Percentage of top 100 companies publishing CSR Reports in major 22 countries in the world
Japan: 88%, England: 84%, US: 73%; Canada:60%, Netherland 60%
 - 2009 Keidanren (Japanese business association) CSR survey
92% of Keidanren member companies are publishing CSR reports
which include environmental issues (97%), social investment/philanthropy (94%),
CSR policy (87%), top statement on CSR (85%).
- cf. 2008 National Survey by Ministry of the Environment of Japan
Percentage of Japanese companies publishing environmental reports
Listed companies: 76.8 %, Unlisted companies: 60.1%

I. Current Situation of CSR Reporting in Japan

2. Reporting styles

i) Two types of CSR Reporting: paper-based and web-based CSR reporting

- 2009 Keidanren (Japanese business association) CSR survey
Percentage: how to publish CSR information

Web-based: 95%; Paper-based: 64%

***More companies use web-based reporting for a full version of CSR report and paper-based reporting for digest version of CSR report.**

ii) Companies publish both annual (financial) reports and the CSR reports, not publish the integrated one.

iii) Less companies are publishing several types of CSR reports like environmental reports and social investment/philanthropy reports.

- 2009 Keidanren (Japanese business association) CSR survey
23 % of Keidanren member companies are publishing several CSR reports.

I. Current Situation of CSR Reporting in Japan

3. Targets of CSR Report

2008 National Survey by Ministry of the Environment of Japan:

- Main targets of CSR reports by Japanese companies are...
 - Shareholders
Companies distributes both a CSR report and an annual (financial) report to their shareholder at general meetings.
 - Suppliers and Buyers
Companies uses CSR reports as a practical communication tool with their suppliers and buyers.
 - Employees
Companies provide CSR reports which cover their comprehensive activities on CSR to their employees for the purpose of CSR education.
 - Investors
Japanese companies are strongly interested in SRI index by European and U.S. organizations which evaluate the quality of CSR information.
 - Students
Also, students as future employees to , are getting interested in CSR reports because of their focus on environmental and social problems.

II. Contents of CSR Reports in Japan

Six distinctive points of CSR reports in Japan

1. Boundary and subject enlargement of CSR Reporting

Boundary of CSR Reporting: integration of CSR activities of overseas offices and subsidiaries, group companies, and suppliers

Subject of CSR reporting: both of environmental and social fields

2. Clear linkage between CSR and core business

CSR reports put more importance on CSR activities as core business than ones as social investment/philanthropy.

3. PDCA (Management) Cycle

More companies reflect their PDCA (*Plan, Do, Check, and Act*) cycle on their CSR reports.

PDCA cycle – reader-friendly for stakeholders and good for target management

II. Contents of CSR Reports in Japan

4. Accuracy and Confidentiality

Ways for accuracy and confidentiality in CSR Reporting; comprehensive topic coverage according to global & national guidelines; clear process of CSR reporting; engagement with stakeholders; third opinions; third verification.

5. Stakeholder-Dialogue

Although more companies mention their stakeholder-dialogue in CSR reports, usage of the word “stakeholder-dialogue” is quite diverse and not given a clear definition yet.

6. Focus on Materiality

Special issues as their materiality are mentioned in top statement or special feature article of CSR reports.

KPI are also used as a approach to show their materiality.

KPI in Environmental field; energy, greenhouse effect gas, waste, chemical material

KPI in Social field: employment, labor safety measures, and social investment/philanthropy

III. Challenges of CSR reports in Japan

1. Strong focus on environmental field and poor focus on social field

With strong leadership by Japanese government like Environmental Consideration Promoting Law (2006) and Environmental Reports Guideline 2007 by Ministry of Environment, CSR reports strongly focus on environmental field but not on social field.

2. Poor linkage between CSR activities and business strategy

CSR reports by Japanese companies show their activities themselves, but do not reflect how their CSR activities are so important in the context of business strategy.

3. Poor information on performance of social field for several years

Especially in the social field like employment rate of people with disabilities, some companies seem to have difficulties to show their performances for years.

4. No information on social impact of their CSR activities

There were no information which their CSR activities make a impact on society or themselves.

5. Strong focus on local activities and poor focus on global activities

Though some of companies are doing their business in many countries, their focus of CSR reports show their activities in Japan.