

Hakuhodo Information Note

September 1, 2006

Survey of *Sei-katsu-sha** Awareness of Corporate Social Responsibility (CSR)

● Top 3 CSR activities for *sei-katsu-sha*:

1. Provision of safe, high quality products/services
2. Following the law and eschewing unlawful practices
3. Reporting and quickly responding to corporate scandals/accidents

● Less than half (45.1%) have heard of CSR

Tokyo – September 1, 2006 – Hakuhodo's Research & Development Division polled 800 *sei-katsu-sha* in the Greater Tokyo and Hanshin (Osaka/Kobe) areas of Japan this March on their awareness of corporate social responsibility (CSR), a recent hot button topic, and their expectations of companies in this regard. Key findings of this study are presented below.

The R&D Division of Hakuhodo conducts research from many angles, providing basic data that can be applied to all kinds of challenges faced by our clients. This Survey of *Sei-katsu-sha* Awareness of CSR was undertaken as part of our Corporate Brand and CSR Research Project. At a time when companies are increasingly focusing on CSR, and many setting up dedicated CSR divisions, the study looks into how this actually appears to *sei-katsu-sha*, and what they specifically want from companies. The survey is designed to gain helpful insights for our clients' CSR activities.

This bulletin contains overall CSR data as well as data on specific industry categories.

Survey outline

- Areas: Greater Tokyo, Hanshin (Osaka/Kobe) areas
- Respondents: 800 M/Fs aged 20–59 (weighted by population distribution in the survey territory)
- Period: March 2006
- Survey method: Internet survey of Hi-panel monitors

* *Sei-katsu-sha* are more than simply consumers, just as people's lives and lifestyles include more than just shopping. Hakuhodo introduced this term in the 1980s to emphasize our commitment to a comprehensive, 360-degree perspective on consumer's lives.

Key findings

- Of the CSR activities *sei-katsu-sha* think companies should carry out, they attach the most importance to providing safe, high quality products/services, obeying the law and avoiding unlawful practices, and reporting and quickly responding to corporate scandals and accidents.
- In general, women are more demanding about CSR than men.
- Responses on the CSR activities respondents believe companies currently carry out vary from industry to industry, but generally, most were seen to be providing safe, high quality products/services.
- The top activities respondents would like to see companies undertake were providing safe, high quality products/services for manufacturers and retailers; reporting and quickly responding to corporate scandals/accidents for the finance industry; and the environment for energy providers.
- 45.1% of respondents had heard of the term corporate social responsibility/CSR, while 12.0% knew what it encompasses. A majority of men (55.3%) were aware of the term, while only a third of women (35.0%) were.
- Respondents learn about CSR activities from TV commercials and newspaper and magazine advertisements.

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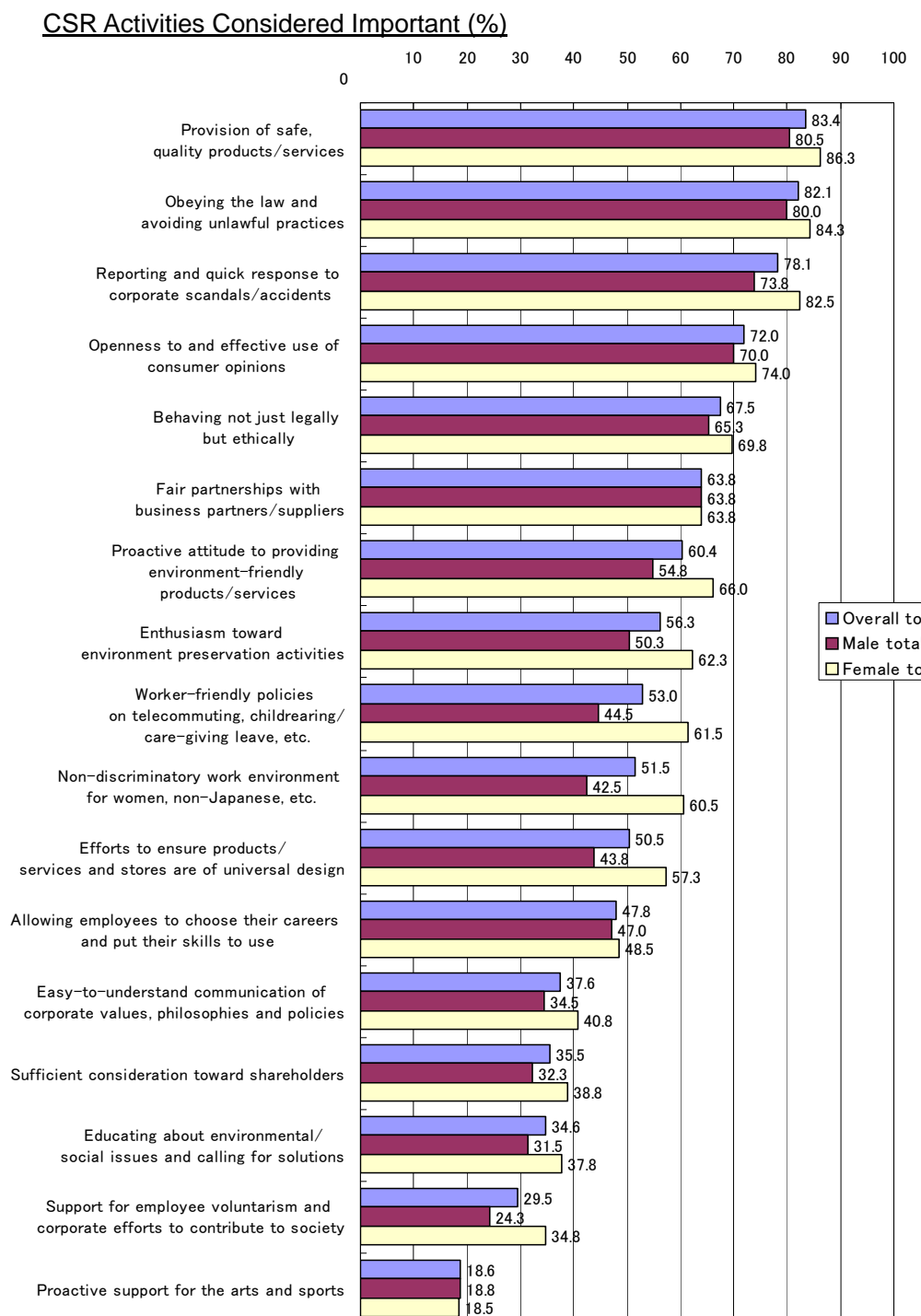
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Research Findings

- Of the CSR activities *sei-katsu-sha* think companies should carry out, they attach the most importance to providing safe, high quality products/services, obeying the law and avoiding unlawful practices, and reporting and quickly responding to corporate scandals/accidents.

We asked respondents which of 17 activities typically described as CSR activities companies should undertake for society, of the activities they said they view as most important, the top scorer was providing safe, high quality products (83.4%). This was followed by obeying the law and avoiding unlawful practices (82.1%) and reporting and quickly responding to corporate scandals/accidents (78.1%). Conversely, the score given to supporting employee voluntarism /corporate efforts to contribute to society (29.5%) was relatively low, indicating that while respondents see this as important, they believe companies should see to everyday corporate practices first before worrying about such extras.

In each of the activities studied, more women than men saw it as important, suggesting that women are more demanding about companies' social activities than men. Women's responses to activities supporting the environment and making it easier for female workers were especially high.



- **Responses on the CSR activities respondents believe companies currently carry out varied from industry to industry, but generally, most were seen to be providing safe, high quality products/services.**

We asked respondents to indicate on an industry-by-industry basis the CSR activities they think companies currently carry out. Our findings indicate that providing safe, high quality products/services was top or near the top for many industries. For manufacturers, retail and other industries closely linked to people's lives, this activity came top, with between 70–80% of respondents believing companies in these industries undertake it.

Meanwhile, the top CSR activities for banks, insurance companies and real estate companies/home builders were still only in the 40% range, suggesting low recognition among *sei-katsu-sha* of the CSR efforts of such companies.

Looking at the top 3 activities in each industry, quality, environment, abiding by the law and consumer-orientation come up repeatedly, but in the banking and insurance industries, consideration of shareholders comes in the top 2. In addition, IT/Internet-related industries get kudos for allowing employees to determine their own careers and put their skills to use. There are special characteristics to *sei-katsu-sha* evaluations of companies' CSR efforts from industry to industry.

Top 3 CSR Activities Each Industry is Believed to Undertake (%)

Automakers		Medical appliance makers		Catering industry		Banks	
Provision of safe, quality products/services	85.0	Provision of safe, quality products/services	76.5	Provision of safe, quality products/services	74.5	Obeying the law and avoiding unlawful practices	46.0
Enthusiasm toward environment preservation activities	81.5	Openness to and effective use of consumer opinions	54.5	Openness to and effective use of consumer opinions	58.5	Provision of safe, quality products/services	43.5
Proactive attitude to providing environment-friendly products/services	81.0	Obeying the law and avoiding unlawful practices	51.5	Obeying the law and avoiding unlawful practices	58.0	Sufficient consideration toward shareholders	43.0
Appliance/AV makers		Oil companies		Retailers		Insurance industry	
Provision of safe, quality products/services	80.5	Provision of safe, quality products/services	69.5	Provision of safe, quality products/services	77.0	Provision of safe, quality products/services	49.0
Enthusiasm toward environment preservation activities	74.0	Obeying the law and avoiding unlawful practices	56.0	Openness to and effective use of consumer opinions	69.0	Sufficient consideration toward shareholders	44.0
Proactive attitude to providing environment-friendly products/services	73.5	Proactive attitude to providing environment-friendly products/services	51.5	Obeying the law and avoiding unlawful practices	62.0	Allowing employees to choose their careers and put their skills to use	42.5
						Worker-friendly policies on telecommuting, childrearing/care-giving leave, etc.	42.5
Cosmetics/toiletry makers		Electricity/Gas suppliers		IT/Internet-related companies		Foodstuffs/Beverage makers	
Provision of safe, quality products/services	84.0	Enthusiasm toward environment preservation activities	73.0	Allowing employees to choose their careers and put their skills to use	58.5	Provision of safe, quality products/services	80.5
Openness to and effective use of consumer opinions	77.0	Provision of safe, quality products/services	72.5	Provision of safe, quality products/services	50.0	Openness to and effective use of consumer opinions	69.0
Enthusiasm toward environment preservation activities	73.5	Proactive attitude to providing environment-friendly products/services	67.0	Proactive support for the arts and sports	48.5	Proactive attitude to providing environment-friendly products/services	62.5
						Enthusiasm toward environment preservation activities	62.5
Real estate/Home builders		Communications industry		Air line industry			
Efforts to ensure products/services, stores are of universal design	44.0	Provision of safe, quality products/services	70.5	Efforts to ensure products/services, shops are of universal design	53.5		
Proactive attitude to providing environment-friendly	37.5	Openness to and effective use of consumer opinions	59.0	Provision of safe, quality products/services	48.5		
Provision of safe, quality products/services	34.0	Obeying the law and avoiding unlawful practices	59.0	Openness to and effective use of consumer opinions	47.0		

- **The top activities respondents would like to see companies undertake were providing safe, quality products for manufacturers and retailers; reporting and quickly responding to corporate scandals/accidents for the finance industry; and the environment for energy providers.**

When we asked respondents what activities they would especially like to see each industry undertake, there were clear differences depending on the industry type.

In the manufacturing, retail and catering industries providing safe, high quality products/ services came out top by far. However, in electronics/AV/computers, respondents were most keen for companies to provide a way for consumers to express their opinions and complaints, and to actually respond to these in future products and services.

For the finance industry, the top choice was fully reporting and quickly responding to corporate scandals/accidents, and for energy providers, the environment was the biggest concerns.

Top 3 CSR Activities that Each Industry Should Undertake (%)

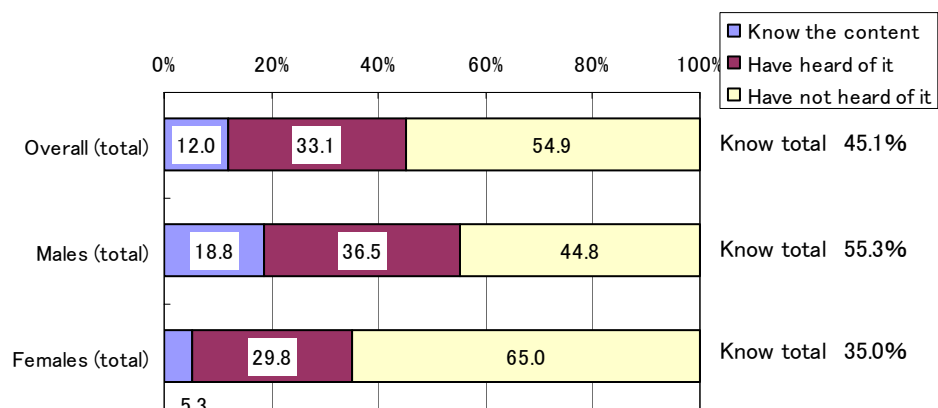
Automakers		Medical appliance makers		Catering industry		Banks	
Provision of safe, quality products/services	60.0	Provision of safe, quality products/services	72.5	Provision of safe, quality products/services	75.5	Reporting and quick response to corporate scandals/accidents	61.5
Reporting and quick response to corporate scandals/accidents	50.0	Reporting and quick response to corporate scandals/accidents	56.0	Openness to and effective use of consumer opinions	48.5	Obeying the law and avoiding unlawful practices	55.0
Proactive attitude to providing environment-friendly products/services	49.5	Openness to and effective use of consumer opinions	43.0	Proactive attitude to providing environment-friendly products/services	31.5	Provision of safe, quality products/services	35.0
Appliance/AV equipment makers		Oil companies		Retailers		Insurance industry	
Openness to and effective use of consumer opinions	49.5	Proactive attitude to providing environment-friendly products/services	57.5	Provision of safe, quality products/services	61.0	Reporting and quick response to corporate scandals/accidents	45.0
Provision of safe, quality products/services	47.5	Provision of safe, quality products/services	55.0	Openness to and effective use of consumer opinions	46.0	Obeying the law and avoiding unlawful practices	45.0
Enthusiasm toward environment preservation activities	44.0	Enthusiasm toward environment preservation activities	52.5	Efforts to ensure products/services and stores are of universal design	36.5	Openness to and effective use of consumer opinions	44.0
Cosmetics/Toiletry makers		Electricity/Gas suppliers		IT/Internet-related companies		Foodstuffs/Beverage makers	
Provision of safe, quality products/services	54.5	Enthusiasm toward environment preservation activities	52.5	Reporting and quick response to corporate scandals/accidents	50.0	Provision of safe, quality products/services	78.0
Proactive attitude to providing environment-friendly products/services	53.5	Provision of safe, quality products/services	47.5	Obeying the law and avoiding unlawful practices	48.0	Openness to and effective use of consumer opinions	48.0
Openness to and effective use of consumer opinions	40.0	Proactive attitude to providing environment-friendly products/services	42.0	Provision of safe, quality products/services	35.0	Reporting and quick response to corporate scandals/accidents	34.0
Real estate/Home builders		Communications industry		Airline industry			
Provision of safe, quality products/services	50.5	Provision of safe, quality products/services	60.0	Provision of safe, quality products/services	67.5		
Reporting and quick response to corporate scandals/accidents	46.0	Openness to and effective use of consumer opinions	45.0	Reporting and quick response to corporate scandals/accidents	67.0		
Obeying the law and avoiding unlawful practices	43.5	Reporting and quick response to corporate scandals/accidents	32.5	Obeying the law and avoiding unlawful practices	33.0		

- **45.1% of respondents had heard of the term corporate social responsibility/CSR, while 12.0% also knew what it encompasses. A majority of men (55.3%) were aware of the term, while only a third of women (35.0%) were.**

CSR. It is a term that is increasingly seen in company division names and elsewhere. But how well established has the term become? Overall, less than half our respondents (45.1%) had heard of the term, while only 12.0% also knew what it encompassed.

In addition, there was a huge difference in awareness between the sexes, with 55.3% of men being aware of the term and 18.8% having an understanding of what it means, compared with scores of just 35.0% and just 5.3% for women. However, while their awareness and understanding of the term may be low, they are exacting concerning companies' actual activities, as stated above, and it is probable this interest will continue to grow as the term for them becomes more widely recognized.

Awareness of CSR

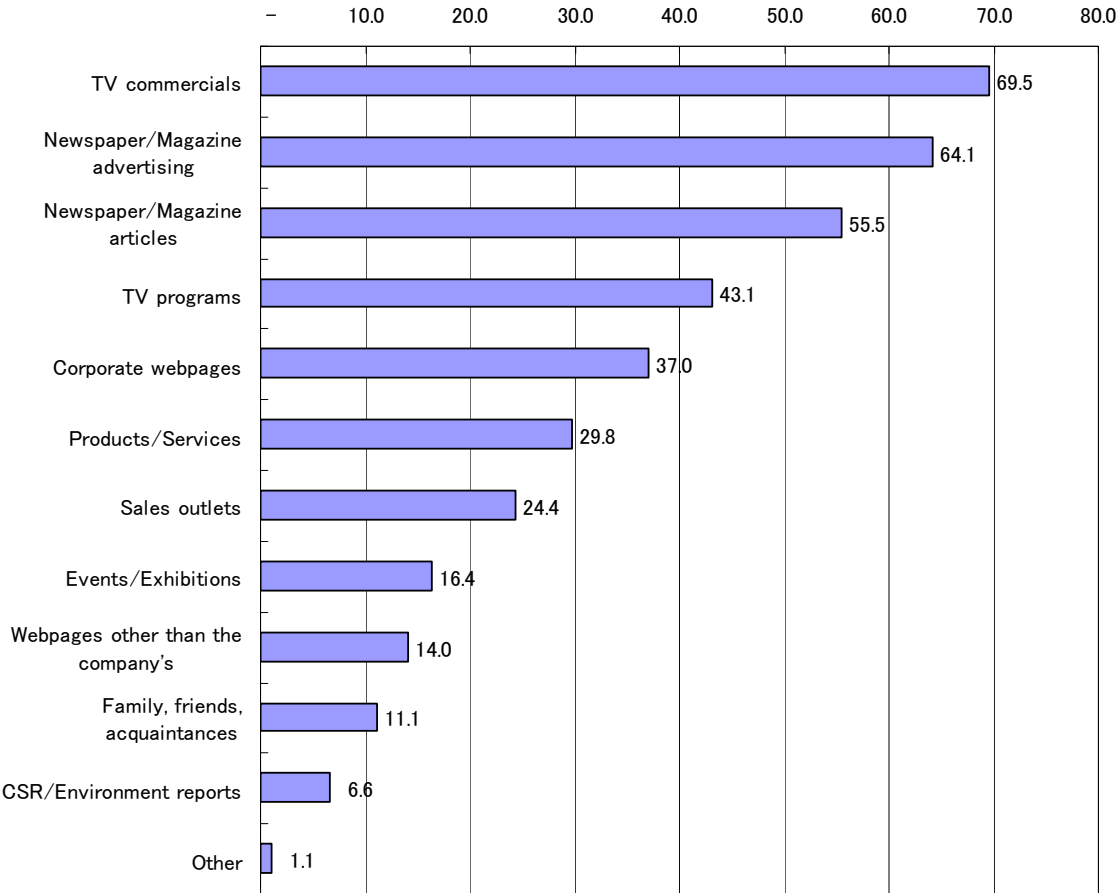


- **Respondents learn about CSR activities from TV commercials and newspaper and magazine advertisements.**

When we asked where respondents had heard or read about CSR activities conducted by companies, the top 3 responses were TV commercials (69.5%), newspaper/magazine advertisements (64.1%), and newspaper/magazine articles (55.5%), showing that advertising and PR activities via the mass media are working.

Given the low awareness of the term CSR and the fact *sei-katsu-sha* are not yet at the point where they actively look for such information, proactively sending out information is likely to have a huge impact on raising *sei-katsu-sha* awareness.

Channels for Information on CSR Activities (%)



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■ About Hakuhold Inc.

Founded in 1895, Hakuhold Inc. (www.hakuhold.jp) is the second largest advertising company in Japan, and the tenth largest core agency in the world according to *Advertising Age*'s agency report 2006. Today, innovation and creativity are still at the heart of its operations. Hakuhold shares with its clients an unmatched depth of knowledge about the relationship between people and brands – knowledge that has grown from the concept of *sei-katsu-sha* (“consumers with a heartbeat”) which Hakuhold pioneered in advertising. Through its global network, Hakuhold provides comprehensive marketing and communications services and solutions for some of the best-known brands in the world. Hakuhold has 64 offices in 16 countries/regions, and approximately 5,000 employees.

Sei-katsu-sha insight is the foundation for Hakuhold's thinking, planning, and brand building. It reminds us that consumers are more than shoppers performing an economic function. They have heartbeats. They are individuals with distinct lifestyles. Hakuhold introduced this term in the 1980s to emphasize our commitment to a comprehensive, 360-degree perspective on consumers' lives.

Hakuhold is one of three advertising agencies under the umbrella of Hakuhold DY Holdings Inc. (TSE: 2433) (<http://www.hakuholddy-holdings.co.jp/english/index.html>) a holding company which was established in 2003 through the management integration of Hakuhold Inc., Daiko Advertising Inc. and Yomiko Advertising Inc. Hakuhold DY Holdings Inc. was listed on the first section of Tokyo Stock Exchange in 2005.