

Hakuhodo 2012 Annual Report

Based on our twin philosophies of *Sei-katsu-sha*¹ Insight and Partnership with business and society, Hakuhodo has long strived to revitalize the economy and society and create rich lifestyles. We hope to play our part in tackling social challenges by leveraging our employees' creativity, and the knowledge and skills that they have developed through their work. The United Nations Global Compact's Ten Principles protect the happiness of *sei-katsu-sha* and society. Since committing to the Global Compact in 2005, Hakuhodo has been an active participant in Global Compact Japan Network. We are working to ensure that every one of our employees understands the Ten Principles and our CSR philosophy, which aims to secure happiness for *sei-katsu-sha* and society. We also encourage our employees to act with greater awareness of their responsibilities toward society, and through these means, hope to contribute to the development of a sustainable society.

Our principle activities in 2012 are as follows.

Contribution for U.N.

1. Pro bono creative work

Our creative staff works on behalf of United Nations organizations, NPOs and NGOs, educational institutions and other bodies that work for peace and the social good. In recent years, we have provided pro bono work for slogan development, the creation of posters, web work, PR, meeting facilitation, and other services.

In the past year, Hakuhodo's creative voluntarism included the following:

- (1) Development of a logo and slogan for a Japan Association for UNHCR donation project, as well as other PR support.
- (2) Creation of posters and other support for the United Nations Global Compact and Global Compact Network Japan's public relations activities.
- (3) Development of a Japan NGO Center for International Cooperation campaign to expand awareness of the MDGs.
- (4) Creation of public relation booklet for the Japan Council on the UN Decade of Education for Sustainable Development (ESD-J).

2. Contributing to society through our everyday work

At Hakuhodo, we use the skills we develop through our day-to-day communication work to contribute to society. Creative and fun examples of our efforts for worthy causes include Tap Project, a project that we conducted with the Japan Committee for UNICEF.

¹ *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 its commitment to a comprehensive, 360-degree perspective on consumers' lives.

Human Rights

3. Elder-related activities

<http://www.h-hope.net/english/index.html>

- (1) As a member of the editorial committee of Elder, the journal of the Japan Organization for Employment of the Elderly and Persons with Disabilities (JEED), throughout the year we provided information useful to the cause of promoting employment of older people and offered advice on editorial content. To coincide with the start of sales of Elder, we revamped the journal, allowing us to contribute to helping more older people find employment and purpose in life.
- (2) We offered the Japan Science and Technology Agency input on desirable technological advances in nursing care and other areas in Japan's aging society. We also provided universities and research organizations working in Japan with hints for future research and development.

4. Child education

<http://www.hakuhodo.co.jp/foundation/english/>

Continuing the spirit of support for an array of educational and cultural initiatives shown by Hakuodo since its earliest days, Hakuho Foundation was established in 1970—the 75th anniversary of Hakuodo's founding—to champion child education.

In the over 40 years since, the Foundation has presented the Hakuho Award, a prize supporting educators of children by recognizing exceptional achievements in language education, in particular. To further contribute to child education, the Foundation in 2006 initiated two new programs: the Hakuho Research Grant for Child Education, which offers support to young researchers, and the Hakuho Japanese Language Research Fellowship Program, which assists the efforts of non-Japanese researchers of the Japanese language.

Labour

5. Employment of people with disabilities

Hakuhodo DY I.O. Co., Ltd.

Established in 1989 as a “tokurei subsidiary” (company created in accordance with the Disabled Persons Employment Law to promote the employment by companies of people with disabilities) of the Hakuhodo group, Hakuhodo DY I.O. helps Hakuhodo meet its statutory and social obligations regarding the employment of people with disabilities. The company was the first tokurei subsidiary to be established by an advertising agency, and to date, remains the only one.

The company handles accounting, accounts payable, salary calculation and other outsourced business, database development, data input and other digital services, word processing, business card and other printing business, as well as a massaging service.

Environment

6. Environmental measures

<http://www.hakuhodo.co.jp/csr/environment/index02.html> (in Japanese)

(1) Measures undertaken in line with Hakuhodo's Environmental Policy

(a) Introduction of ISO 14001-accredited environment management system

In November 2000, certain Hakuhodo divisions acquired ISO 14001 certification for their environmental management systems. The divisions have strived toward continuous improvement every year since then, setting environmental objectives and targets for each Significant Environmental Aspect in line with their environmental policies.

(b) Employee education and communication

In order to press our environmental management system forward, we have conducted continuous environment education and enlightenment programs aimed at fostering employee awareness.

(2) Environment-Related Projects Undertaken Until Now

<http://www.hakuhodo.jp/csr/environment/index04.html>

Hakuhodo conducts activities to promote environmental management and, through our business activities, undertakes initiatives intended to preserve and improve the global environment.

Participation in and promotion of the Team Minus 6% and Challenge 25 Campaign citizen movements for climate change prevention. The introduction of various climate change-prevention activities in the office has produced good results. We also undertake educational activities targeting employees' families through family-oriented communication tools.

- (a) Carbon-neutral relocation to new headquarters

The company achieved a carbon-neutral relocation of headquarters in May 2008 using some of our carbon credits.

- (b) Environment-related seminars

We offer learning opportunities for employees through seminars presented by invited experts and study sessions led by in-house lecturers.

- (c) Establishment of department in charge of environmental measures

The department heads and implements Hakuhodo's environmental management system.

- (d) Establishment of an arm to support clients' environmental communication activities

The division integrates all environment-related functions within the company to advance environmental activities company-wide. Its work includes supporting clients' environmental communication activities and developing related content.

Anti-Corruption

7. The Hakuhodo DY Group Code of Conduct & information management

<http://www.hakuhodo.jp/csr/compliance/conduct/index.html>

- (1) Code of Conduct & Matters for Compliance

Code of Conduct

Operating fairly and in compliance with the law and the rules of society, and as a responsible member of society, the Hakuhodo DY group clearly declares its awareness of and responsibilities toward the following.

- (a) That we handle critical information relating to our business partners
- (b) That our work involves the management of many rights
- (c) That communication is our business
- (d) That people are our group's major resource
- (e) That we will not become involved in any anti-social activities
- (f) That we must act in awareness of our stakeholders

- (g) That we must be a highly transparent and law-abiding group
- (h) That we strive to be a global quality group

Matters for Compliance

Aiming to maintain and increase the trust that society vests in the activities of the Hakuhodo DY group, we clearly affirm these matters with which every employee and corporate officer is expected to comply.

- (a) The management of confidential information
- (b) The prohibition of insider trading
- (c) Matters of compliance regarding conflicts of interest
- (d) The duty of non-disclosure, both during and after the term of employment
- (e) Matters of compliance regarding external activities
- (f) Matters of compliance regarding business entertaining and gift-giving
- (g) Restrictions on meetings with government and other public officials, and members of like organizations
- (h) The handling of any instance of breach of these Matters for Compliance
- (i) The injunctions of the internal bodies handling whistle-blowing and consultation

- (2) Information security management
<http://www.hakuhodo.jp/csr/compliance/index02.html>

Hakuhodo and 23 of its group affiliates have been accredited under ISO/IEC 27001, the international standard for information security, as well as JIS Q27001, its Japanese equivalent, and continue to improve their information management systems in order to maintain these accreditations. An information security committee charged with conducting internal monitoring, auditing and training, as well as the further strengthening of the information security system through the acquisition of accreditation from external bodies, has been established under our Compliance Committee, which is headed by the company president.