

# The Role of Forest Certification in Social Responsibility Reporting in Japan

Toshiaki Owari (Univ. of Tokyo, Japan)

## Introduction

Companies use forest certification and certified forest products for demonstrating their sense of responsibility to the society [2]. In Japan, the market for certified forest products has been driven by large corporations, which can communicate their social responsibility activities to stakeholders by using forest certification in their corporate reporting [3]. The purpose of this study was to examine the strategic role of forest certification in social responsibility reporting in Japan. An analysis of published corporate reports was conducted to examine how Japanese large corporations use forest certification in their social responsibility communications.

## Materials and Methods

The population included 1,671 corporation listed on the first section of Tokyo Stock Exchange as of March 2006. By using the information on corporate social responsibility activities published by the Nippon Foundation [1], electric version of social responsibility reports (incl. environmental and social reports, sustainability reports, responsible care reports, etc.) published on the corporations' website were collected. By September 2006, 523 reports were downloaded successfully. The use of recycled paper and/or certified paper was identified by labels on the back cover, and the usage rate in each type of industry was calculated. Content analysis was conducted using the full-text search engine of Adobe® Acrobat® 7.0 Standard (Adobe Systems Inc., CA).

## Results and Discussion

Of the 523 corporations published social responsibility reports by a form of Portable Document Format (PDF) files, 318 reports (58 %) used recycled paper and 114 reports (21 %) used certified paper. The paper certified by the Forest Stewardship Council (FSC) was mostly used in the reports. The usage rate of certified paper was relatively high in the industries of banks (50 %), real estate (40 %), and wholesale trade (38 %), although these industries were generally less active to publish social responsibility reports (Figure 1). The industries of foods, chemicals, oil, coal and rubber products were relatively active in both publishing social responsibility reports and using certified paper. Corporations in fishery, agriculture, forestry and mining (0 %) and pharmaceutical (6 %) industries rarely use certified paper. Industries using more natural resources and energy in the business activities are probably more active to use forest certification in social responsibility reporting. The usage rate of recycle paper in an industry was negatively correlated to that of certified paper ( $r = -0.72$ ). The result indicates that Japanese corporations regarded certified paper as an alternative to recycled paper.

While 196 corporations (37 %) used the word "forest" in the text of social responsibility reports, only 30 corporations used the word "forest certification". Of the 30 corporations, 19 stated that forest certification was important for environmental protection, while only 3 corporations mentioned forest certification in relation to resource and social sustainability. 8 corporations merely explained forest certification and the use of certified paper in the text and did not give any reasons why they took part in the forest certification program. Results indicate that few Japanese companies utilized forest certification proactively in their social responsibility reporting. For most Japanese corporations, forest certification may not be a means to promote sustainable forest management, but just to demonstrate their environmental friendliness.

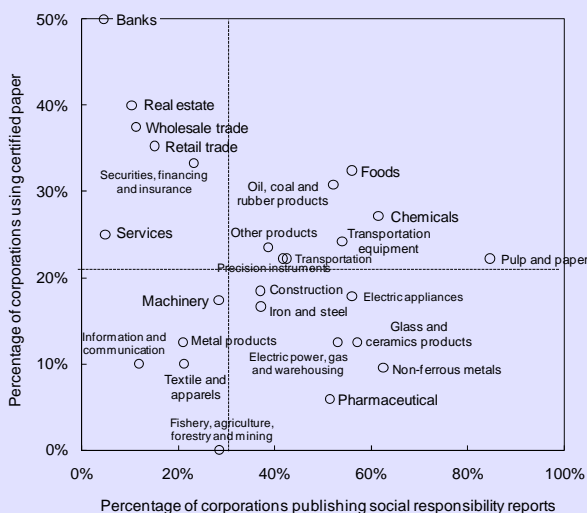


Figure 1: Percentages of corporations publishing social responsibility reports and using certified paper by industry. Dotted lines indicate averaged percentages of the whole industry.

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## References

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