

Summary of the Survey on Corporate Philanthropic Activities in Fiscal 2006 (Tentative translation)

December 18, 2007
Committee on Corporate Philanthropy
and 1% Club, Nippon Keidanren

<Preface>

Since 1991, the Japan Business Federation (Nippon Keidanren, hereinafter noted as Keidanren) has been conducting an annual survey on corporate philanthropic activities among member companies of Keidanren and corporate members of the 1% Club. The current survey went beyond the usual range of topics on corporate philanthropic expenditures, philanthropic policies and specific examples of philanthropic activities. This year's survey also features a study on how far companies know about corporate philanthropic activities of their entire company group. Despite the large amount of time required to gather data, 435 corporations responded to this survey. Keidanren takes this opportunity to express its sincere gratitude to all the parties who have cooperated in this survey series.

According to the results of this year's survey, expenditures for corporate philanthropic activities totaled 178.6 billion yen, or an average of 454 million yen per company, an increase of 100 million yen from the previous year. This is the second largest amount after the 525 million yen recorded in fiscal 1991 at the time of the bubble economy. Among corporate members of the 1% Club, the average amount of expenditures per company hit a record 974 million yen. This not only reflects the highest amount ordinary profits posted by each company on average; this is also numerical evidence of the determination of Japanese companies to vigorously promote corporate philanthropic activities, treating such efforts as part of their corporate social responsibility.

However, this year's survey faced a challenge to adequately reflect the realities of corporate philanthropic activities of globally active companies. In order to see year-on-year changes, we sought to maintain consistency in the scope of the survey and definition and asked responding companies to present in principle their data in terms of individual companies. On the other hand, reflecting actual management realities the number of companies which report their data on a consolidated basis has been increasing gradually. As it is becoming increasingly important to know the information of company groups as a whole, share such information and make the information public, it is likely that the scope of data required from responding corporations will change in the future.

In this survey, we have published the data from companies which responded on a consolidated basis and conducted a study of the corporate philanthropic activities of company groups as a whole. Among the 36 companies which provided data on a consolidated basis, expenditures totaled 1,469 million yen per company group, 3.2 times the total average. With consolidated data, however, it was difficult to conduct an analysis from the perspectives of the nature of business, brackets of capitalization, brackets of pre-tax profits, etc., as it had been done in the past. In addition, when asked about a breakdown of philanthropic activities of individual group companies, 40% of the respondents said they were "investigating." Apart from issues of setting up

a framework to promote corporate philanthropy and to collect and share information, there also appear to be issues of formulating the basic principles and policies, and establishing a clear definition and scope of corporate philanthropic work. Thus, we would like to consider new ways of conducting the survey in the future in line with the realities of member companies.

We hope the results of this survey will help our member companies in their efforts to place corporate philanthropic activities strategically in their overall global corporate activities and accomplish greater social achievements working alongside with their stakeholders.

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I. Survey Summary

1. Purpose of the survey

In order to find out the realities of corporate philanthropic activities and gain further public understanding, as well as to provide a practical guide to member companies in their future philanthropic work, Keidanren has been conducting an annual survey on corporate philanthropic activities since 1991. The results are released every year.

This year, in addition to annual philanthropic expenditures, philanthropic policies and specific examples of philanthropic activities, the survey features a special study on how far companies know about corporate philanthropic activities of their entire company group.

2. Contents of the survey

- (1) Survey of corporate philanthropic activities in fiscal 2006:
 - a. Expenditures for corporate philanthropic activities, the ratio to ordinary profits, and expenditures for donations, etc.
 - b. Mechanisms and arrangements to promote corporate philanthropic activities
 - c. Specific examples of corporate philanthropic activities (separate volume).
- (2) Survey on the companies' grasp of philanthropic activities of their entire company group.

3. Targets of the survey

Member companies of Keidanren and corporate members of the 1% Club, 1,405 companies in total. (Many companies are concurrently Keidanren and 1% Club members.)

4. Bodies in charge of the survey

The Committee on Corporate Philanthropy and the 1% Club of Keidanren

5. Date of the survey

August to October, 2007

6. Number of responses

435 companies (Response rate: 31.0%)

Note: The previous survey, conducted in August 2004, obtained responses from 388 companies out of 1,371 companies surveyed, with a response rate of 28.3%.

II. Survey results on expenditure for corporate philanthropic activities

1. Expenditures for corporate philanthropic activities (*1)

(1) Fiscal 2006 expenditures for corporate philanthropic activities by the 393 companies which reported corporate philanthropic outlays totaled 178.6 billion yen. It translated into 454 million yen per company, a sharp increase of 28.2% from fiscal 2005. The sum was the second highest amount following the record 525 million yen registered in fiscal 1991.

Expenditures by 138 corporate members of the 1% Club came to a record 974 million yen per company on average, up 20.1% from the previous year.

(Total amount and average per company: in millions of yen)

Total Expenditure

Fiscal Year	2000	2001	2002	2003	2004	2005	2006
Total Amount	134,500	117,000	119,000	123,200	150,800	144,400	178,600
(Number of companies)	(323)	(342)	(316)	(369)	(430)	(408)	(393)
Average per company	416	342	376	334	351	354	454
(Growth Rate)	(+3.2%)	(-17.8%)	(+9.9%)	(-11.2%)	(+5.1%)	(+0.9%)	(+28.2%)

[Among the corporate members of the 1% Club]

Fiscal Year	2000	2001	2002	2003	2004	2005	2006
Total Amount	117,900	96,600	92,500	103,000	114,100	115,100	134,400
(Number of companies)	(167)	(146)	(143)	(146)	(147)	(142)	(138)
Average per company	706	682	647	706	776	811	974
(Growth Rate)	(+2.6%)	(-3.4%)	(-5.1%)	(+9.1%)	(+9.9%)	(+4.5%)	(+20.1%)

[Among the companies which answered on consolidated basis]

Fiscal Year	2005	2006
Total Amount	33,900	52,900
(Number of companies)	(30)	(36)
Average per company	1130	1469
(Growth Rate)	-	(+30.0%)

(*1) Notes on corporate philanthropic expenditures:

Corporate philanthropic expenditure referred to in this survey is the sum of (a) the total amount of donations (including cash and in-kind donations for philanthropic purposes whether or not such outlays are tax-exempted) and (b) expenditures related to voluntary programs for corporate philanthropic purposes (including expenditures that, in the company's view, are effectively used for corporate philanthropic activities even though the outlays are booked as advertising or PR expenses according to the taxation law in the country of origin.)

Keidanren regards political donations as a corporate philanthropic activity. Political donations have been included in the data since fiscal 2003.

- (2) The rankings of (estimated) expenditures (*2) by categories of activities to the total amount of expenditures are, by descending order, “academic activities, research,” “education, social education,” “arts and culture,” “environment” and “community activities.” One special feature among companies that responded to this survey on a consolidated basis is that “health and medicine” occupies a higher ranking than “environment.”

Fiscal Year (Number of companies)	Ratio of corporate philanthropic expenditures to total expenditures (estimates)		
	2005 (385)	2006 (363)	2006 (35)
(1) Social Welfare	5.4%	5.0%	3.8%
(2) Health/Medicine	6.2%	6.0%	7.5% (No.5)
(3) Sports	7.4%	5.8%	2.5%
(4) Academic activities, research	14.2%	20.3% (No.1)	28.6% (No.1)
(5) Education, social education	16.1%	15.8% (No.2)	18.3% (No.2)
(6) Arts/Culture	16.1%	13.2% (No.3)	11.9% (No.3)
(7) Environmental Protection	10.8%	9.3% (No.4)	4.1%
(8) Archeology, preservation of traditional culture	0.7%	0.6%	0.4%
(9) Local community Involvement	10.2%	8.5% (No.5)	9.7% (No.4)
(10)International Exchange and Cooperation	2.6%	3.2%	2.6%
(11)Assistance to disaster-stricken communities	1.9%	1.6%	1.5%
(12)Assistance for disaster-prevention community work	0.3%	0.1%	0.0%
(13)Human rights	0.1%	0.3%	0.7%
(14)NPO infrastructure-building work	0.3%	0.3%	0.4%
(15)Political contributions	1.4%	1.7%	0.5%
(16)Others	6.3%	8.3%	7.4%

(*2) Notes on total (estimated) field-specific outlays:

The total outlays in specific fields of activities are estimates based on the field-specific ratio of various companies and differ from the actual amounts.(*1) Notes on corporate philanthropic expenditures:

2. Ratio of corporate philanthropic expenditures to ordinary and pre-tax profits (*3)

- (1) The amount of ordinary profits was 47,821 million yen per company in fiscal 2006 among the responding 420 companies, while the amount of pre-tax profits averaged 47,866 million yen per company among 422 companies, both record figures for the second straight year.
- (2) The ratio of philanthropic expenditures to corporate revenues was 0.12% among 347 companies, up slightly from the previous year. The ratio to ordinary profits was 2.18% among 366 companies, and the ratio to pre-tax profits among 352 companies was 1.83%, both figures higher than the corresponding figures in the previous year – evidence that the growth of philanthropic expenditures was faster than the growth in both ordinary and pre-tax profits.

Ratio of Expenditure

Fiscal Year	2000	2001	2002	2003	2004	2005	2006
Ratio to revenue	0.10%	0.19%	0.13%	0.14%	0.09%	0.10%	0.12%
(Number of companies)	(303)	(322)	(302)	(347)	(398)	(359)	(347)
Ratio to ordinary profits	1.51%	2.03%	2.39%	1.54%	1.75%	1.38%	2.18%
(Number of companies)	(308)	(275)	(267)	(332)	(407)	(386)	(366)
Ratio to pretax profits	2.56%	3.31%	3.20%	1.92%	1.95%	1.67%	1.83%
(Number of companies)	(274)	(218)	(233)	(312)	(382)	(374)	(352)

[Among the corporate members of the 1% Club]

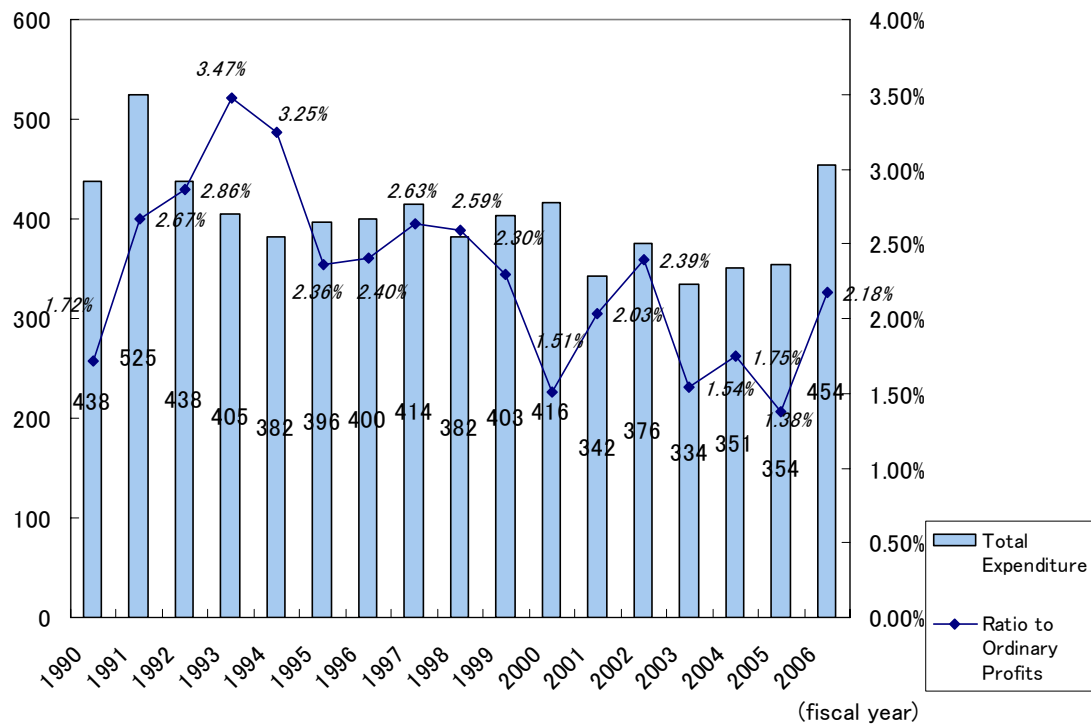
Fiscal Year	2000	2001	2002	2003	2004	2005	2006
Ratio to revenue	0.13%	0.26%	0.21%	0.17%	0.12%	0.12%	0.18%
(Number of companies)	(162)	(143)	(140)	(141)	(135)	(136)	(133)
Ratio to ordinary profits	1.91%	2.28%	2.82%	2.08%	2.29%	1.52%	3.72%
(Number of companies)	(162)	(120)	(121)	(136)	(139)	(137)	(132)
Ratio to pretax profits	3.25%	3.28%	3.63%	2.19%	2.11%	1.74%	1.95%
(Number of companies)	(142)	(98)	(103)	(129)	(128)	(133)	(124)

(*3) Notes on the ratio of corporate philanthropic expenditures to ordinary and pre-tax profits:

The amount of ordinary and pre-tax profits per company is the average among companies that provided the data. The ratios of corporate philanthropic expenditures to corporate revenues, etc. are simple average calculated from the ratio of corporate philanthropic expenditures among the responding companies; they are not the ratios of per-company average corporate philanthropic expenditures (454 million yen) to the ordinary and pre-tax profits listed in (1).

3. Changes of the ratio of corporate philanthropic expenditures to ordinary profits (per-company average)

(million yen)



III. Survey results on mechanisms and arrangements to promote corporate philanthropic activities

1. Systems and arrangements introduced to promote corporate philanthropic activities

(1) In fiscal 2006, the responding companies put in place 158 new systems to promote corporate philanthropic activities, 14.5% of the total number of systems introduced so far. In particular, there was a prominent increase in efforts toward “documentation of basic policies,” “arranging a corporate philanthropy office or staff,” and “setting up company-wide bodies.” This suggests that as corporations step up efforts to discharge their corporate social responsibility, they are also laying out a system to promote corporate philanthropic activities as part of their social responsibility.

Fiscal Year	~1990	1991 ~1993	1994 ~1996	1997 ~1999	2000 ~2002	2003 ~2005	U/1	2006	Total
1.Documentation of basic policies	18	28	13	29	36	97	0	47	268
2.Arranging corporate philanthropy office or staff	27	31	16	17	16	94	87	39	327
3.Assigning staff to supervise corporate philanthropy at each business location	4	5	5	10	11	13	24	9	81
4.Setting up company-wide bodies, across operational lines, to promote corporate philanthropic activities.	10	11	6	8	11	78	0	30	154
5. Setting up corporate philanthropy groups with the participation of outside experts	3	1	0	2	1	4	0	1	12
6.Introducing a budgetary system for philanthropic activities.	24	16	10	9	13	32	69	18	191
7.Setting up rules to convert non-monetary contributions into quantifiable amounts.	4	5	6	2	7	10	0	4	38
8.Miscellaneous	1	3	1	0	0	1	0	10	16
Total number of systems introduced	91	100	57	77	95	329	180	158	1087

(2) The positions of independent corporate philanthropy offices, full-time or part-time personnel involved in promoting corporate philanthropic activities are described below. Among the companies that have set up independent corporate philanthropy offices, 44.5% of them have placed these offices under “CSR departments,” and this ratio has been increasing each year.

	2003 (338)		2004 (454)		2005 (447)		2006 (435)	
		Number of companies		Number of companies		Number of companies		Number of companies
Setting up a special office (under)	30.2%	117	31.7%	144	29.8%	133	33.6%	146
A. PR, Corporate Communication Dept.	31.6%	37	20.8%	30	23.3%	30	24.7%	36
B. Administration Detp.	17.1%	20	23.6%	34	17.3%	34	13.7%	20
C. Buisness Planning Dept.	9.4%	11	4.9%	7	5.3%	7	4.1%	6
D. CSR Dept.	13.7%	16	26.4%	38	37.6%	38	44.5%	65
E. Directly linked to Top Management	9.4%	11	9.7%	14	5.3%	14	2.7%	4
F. Others	13.7%	16	14.6%	21	11.3%	21	10.3%	15
Assigned staff (belong to)	29.4%	114	31.9%	145	49.0%	215	57.2%	249
A. PR, Corporate Communication Dept.		38		39		99		111
B. Administration Detp.		44		39		103		125
C. Buisness Planning Dept.		11		7		38		40
D. CSR Dept.		15		32		59		78
E. Directly linked to Top Management		3		1		14		14
F. Others		18		27		39		47

- (3) The size of staff in the independent corporate philanthropy offices is as follows:
- Seventy companies (47.9% of the 146 companies responding to this question) have up to three persons working at their corporate philanthropy office, 60 companies (41.1%) have between four and nine persons, and 16 companies (11.0%) have more than 10 persons. These 146 companies have a total of 966 employees working at corporate philanthropy offices, an average of 6.6 persons per company, compared with 5.5 persons in the previous year.
 - The number of full-time and part-time personnel working on corporate philanthropy outside corporate philanthropy offices totaled 1,364 persons in 249 responding companies, an average of 5.4 persons per company (down from 6.3 in the previous year).
 - The number of persons in charge of corporate philanthropic work in local offices, branches and regional companies totaled 2,906 at 79 responding companies, an average of 36.8 persons per company (down from 40.4 in the previous year).

2. Support for employee volunteer activities

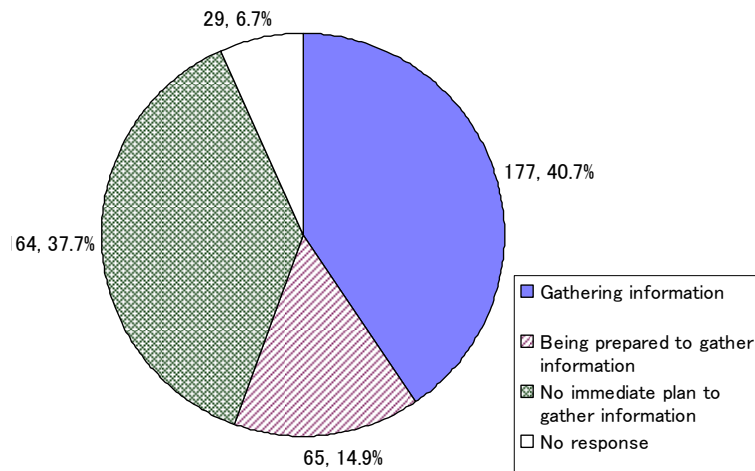
The number of in-house systems put in place in fiscal 2006 to support employee volunteer activities totaled 57, or 9.0% of the total.

Fiscal Year	~1990	1991 ~1993	1994 ~1996	1997 ~1999	2000 ~2002	2003 ~2005	U/I	2006	Total
a. Leave of absence for volunteer work.	3	29	15	14	4	12	0	6	83
b. Participation in Japan Overseas Cooperation Volunteers.	12	26	23	3	5	10	0	2	81
c. Holidays for volunteer work.	3	30	38	28	19	39	0	12	169
d. Commendation for employees who served as volunteers.	9	12	2	7	6	14	1	9	60
e. Registration of employees who offered to serve as volunteers.	0	3	6	5	7	15	0	5	41
f. Volunteer training program.	0	6	4	2	3	11	0	1	27
g. Support for retired employees who serve as volunteers.	0	0	1	2	4	6	1	0	14
h. Support for matching-gift funds.	1	10	8	8	8	34	0	8	77
i. Campaign to promote corporate philanthropic activities in local communities.	5	10	8	6	7	31	2	14	83
	33	126	105	75	63	172	4	57	635

IV. Survey results on the companies' grasp of philanthropic activities of their entire company group.

1. Impact of corporate social responsibility on corporate philanthropic activities

- (1) 177 companies (40.7% of the 435 responding companies) have started to gather information about corporate philanthropic activities in the company group as a whole.



- (2) The scope of study undertaken by the 177 companies that have started to gather information about philanthropic activities in the company group as a whole is described below. Sixty companies (33.9%) have extended the scope of study to domestic and overseas group companies that are subject to consolidated accounting (items 1~5).

The scope of the study		(N=177)	
1. Corporate philanthropy offices in the group head office	128	72.3%	
2. Other offices in the group head office	128	72.3%	
3. Regional offices and other business offices in Japan	145	81.9%	
4. Group companies in Japan (consolidated-accounting companies)	131	74.0%	
5. Group companies overseas (consolidated-accounting companies)	87	49.2%	
6. Affiliated companies in Japan not subject to consolidating accounting	26	14.7%	
7. Affiliated companies overseas not subject to consolidating accounting	14	7.9%	
8. Others	9	5.1%	
Items 1 to 7	13	7.3%	
Items 1 to 5	60	33.9%	

- (3) The contents of study focused mostly on the nature of corporate philanthropic programs (studied by 153 companies, or 86.4% of the 177 companies that have started to gather information), while 101 companies (57.1%) focused on expenditures for corporate philanthropic activities.

The contents of the study			(N=177)
1. Basic principles of corporate philanthropic activities	32	18.1%	
2. Arrangements established to promote corporate philanthropic activities	31	17.5%	
3. Expenditures for corporate philanthropic activities	101	57.1%	
4. Contents of the programs of corporate philanthropic activities	153	86.4%	
5. Others	6	3.4%	

Items 1 to 4	6	3.4%
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- (4) While information gathering on corporate philanthropic activities of company groups as a whole has been making progress, challenges still abound. For instance, it is not only necessary to build a system to promote philanthropic activities and create a framework to collect and share information, it is also necessary to establish the basic principles of philanthropic work and establish a clear definition and scope of corporate philanthropic work. The following is some of the issues to be addressed:

Challenges of the study			(N=435)
1. Laying down common basic principles and policies	118	27.1%	
2. Stipulating a common definition and scope of corporate philanthropic activities	107	24.6%	
3. Building a group-wide system to promote corporate philanthropic work	154	35.4%	
4. Creating a framework to gather and share information	146	33.6%	
5. Others	20	4.6%	

Items 1 to 4	26	6.0%
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【Other responses】

- Improving the profit-making structure of the entire company group.
- Manpower.
- Mapping out “core” corporate philanthropic activities for the entire company group.
- Drawing up a basic policy for corporate philanthropic activities for the entire company group, including affiliated companies.
- Providing detailed accounts of corporate philanthropic activities.
- Getting on top of the philanthropic activities of various group companies.
- Promoting intra-group collaboration in voluntary programs.
- Building a global system.
- Whether to allow consolidated subsidiaries to undertake their own corporate philanthropic work that involves money.
- Calculating the yen-equivalent amount of money spent by overseas group companies.
- Difficulties involved collating data as the needs of corporate philanthropic activities differ from country

to country. Similar difficulties occur as the value of currencies differs from country to country when converted into yen.

