

Synopsis of the survey on Corporate Philanthropic Activities in Fiscal 1999

November 30, 2000
Keidanren

In July of 2000, Keidanren mailed questionnaires to 1,048 companies which were either members of Keidanren or its 1% Club. The questionnaire touched on matters such as the amount of money spent on corporate philanthropic activities in fiscal 1999, the ratio between philanthropic expenditures and pretax profits, the ratio of donations to tax exemption limits, the introduction of corporate systems to promote philanthropic activities, philanthropic awareness and support or cooperation provided to nonprofit organizations and non-governmental organizations.

In total, 324 companies answered the questionnaire for a 30.9% reply rate.

Results of Expenditure Survey

. Total Expenditures on Philanthropic Activities

The total amount of money spent on philanthropic activities in fiscal 1999 by the 309 corporations that responded to the survey was 124.6 billion yen. This translates to average 403million yen expenditure per company for a 5.5% rise from the fiscal 1998 figure of 382 million yen per company.

As to the trends of average expenditure per company and its ratio to the ordinary profit, please refer to the Chart 1 on page 2.

Total Expenditure on Philanthropic Activities

(in millions of yen)

Fiscal Year	1993	1994	1995	1996	1997	1997	1999
Total Amount	149,400	154,200	145,400	162,000	155,700	137,600	124,600
(Number of companies)	(398)	(404)	(367)	(405)	(376)	(360)	(309)
Average per company	405	382	396	400	414	382	403
(Growth Rate)	(- 7.5%)	(-5.7%)	(+3.8%)	(+1.0%)	(+3.5%)	(-7.7%)	(+5.5%)

II. Ratio of Expenditures on Philanthropic Activities to Ordinary profits, etc. (Simple Average)

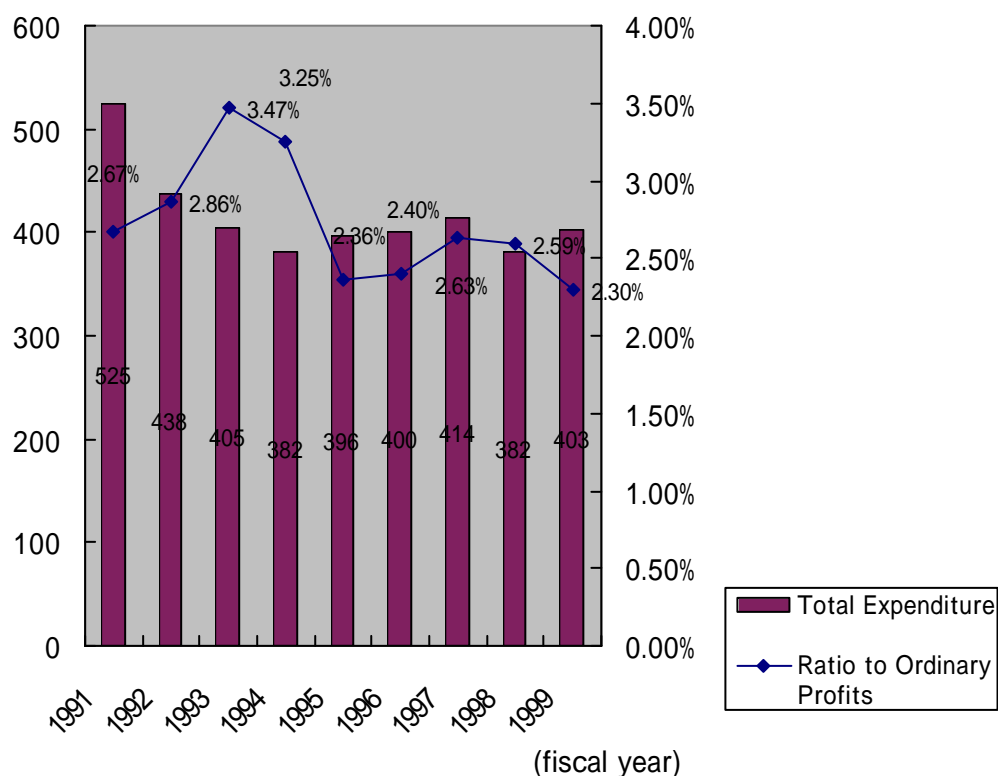
Among the 279 respondents to the question regarding the ratio of philanthropic expenditures to ordinary profit in fiscal 1999, the ratio per company on a simple average was 2.30%. This figure is down 0.29 points from the data collected for fiscal 1998 and is the lowest level ever recorded in our surveys. However, among the 229 companies which responded to the question regarding the ratio of philanthropic expenditures to pretax profits, the ratio jumped by a wide-margin 2.06 points for 4.76% and proved to be the highest ever recorded in our surveys.

The Ratio of Expenditure on Philanthropic Activities to Total Sales, Ordinary profits and Pretax Profits (Simple Average)

Fiscal Year	1993	1994	1995	1996	1997	1998	1999
Ratio to Total Sales	0.21%	0.17%	0.16%	0.18%	0.12%	0.10%	0.10%
(Number of companies)	(321)	(347)	(341)	(384)	(363)	(342)	(283)
Ratio to Ordinary Profits	3.47%	3.25%	2.36%	2.40%	2.63%	2.59%	2.30%
(Number of companies)	(315)	(333)	(326)	(368)	(337)	(295)	(279)
Ratio to Pretax Profits	4.25%	3.50%	3.30%	2.88%	2.97%	2.70%	4.76%
(Number of companies)	(310)	(318)	(312)	(350)	(319)	(256)	(229)

<Chart 1: The trend of average expenditure on philanthropic activities and its ratio to ordinary profit>

(million yen)



• **The Breakdown of Expenditure on Philanthropic Activities**

After asking the total expenditure, the questionnaire delved into how much of the expenditures were comprised of donations and how much were comprised of money spent supporting the corporation's independent programs (money spent enacting philanthropic programs designed by the corporation).

A. *Donations*

Within the philanthropic expenditures, among the 306 respondents the average donations per company in fiscal 1999 was 257 million yen for a 4.0% increase from fiscal 1998.

Total Donations

(in millions of yen)

Fiscal Year	1993	1994	1995	1996	1997	1998	1999
Total Amount	107,400	112,800	107,100	104,900	102,700	88,300	78,700
(Number of companies)	(366)	(402)	(360)	(396)	(373)	(357)	(306)
Average per company	293	281	297	265	275	247	257
(Growth Rate)	(- 7.9%)	(-4.1%)	(+6.0%)	(- 10.8%)	(+3.9%)	(- 10.2%)	(+4.0%)

B. *Expenditures on Corporate Independent Programs*

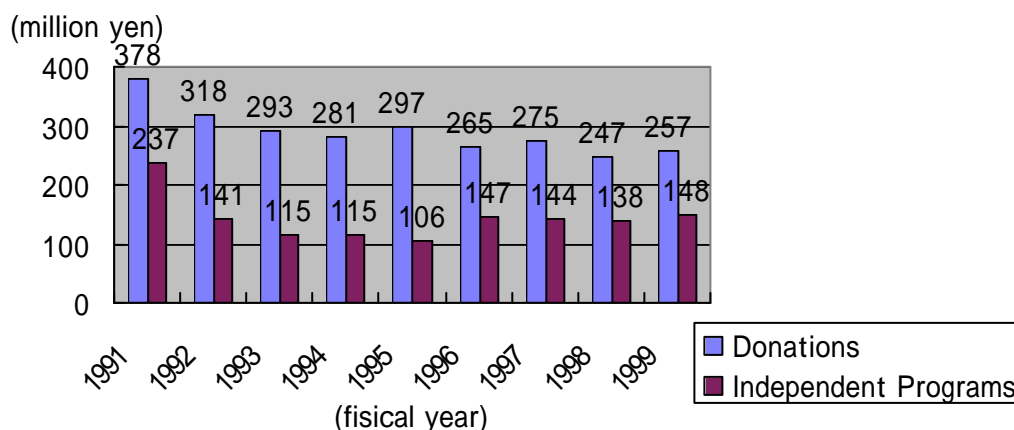
Within the philanthropic expenditure figures, among the 298 respondents the average amount per company spent on independent programs in fiscal 1999 was 148 million yen for a 7.2% rise from fiscal 1998.

Expenditure on Independent Programs

(in millions of yen)

Fiscal Year	1993	1994	1995	1996	1997	1998	1999
Total Amount	42,000	41,300	38,300	57,100	53,000	49,300	44,100
(Number of companies)	(365)	(361)	(361)	(387)	(367)	(357)	(298)
Average per company	115	115	106	147	144	138	148
(Growth Rate)	(- 18.4%)	(0.0%)	(- 7.8%)	(+38.7%)	(- 2.1%)	(- 4.2%)	(7.2%)

<Chart 2: Average donations and independent programs per company>



C. Uses of Donations and Money Spent in Independent Philanthropic Programs

Upon classifying the ratio of donation expenditures by category, one sees that high ratio fields were “Academic Research” at 18.1% and “Community Involvement” at 13.6% or “Education” at 11.7%.

Moreover, the ratio of “Disaster Aid” rose from the 1.2% of fiscal 1998 to 3.7% in fiscal 1999, due to disasters such as earthquakes striking Turkey and Taiwan. On the heels of fiscal 1998, one observes that a large ratio of donations went into the “Other” category which includes either activities that did not fit well into the other 11 categories or activities to be included in several categories.

On the other hand, the categories with a high ratio of Expenditures in regards to corporate independent programs were “Art/Culture” at 22%, “Community Involvement” at 16.6% and “Social Welfare” rising to 13.1% in fiscal 1999.

	Donations		Independent Programs	
	Percentage of the Total for Fiscal 1999 (Number of companies: 276)	Percentage of the Total for Fiscal 1998	Percentage of the Total for Fiscal 1999 (Number of companies: 168)	Percentage of the Total for Fiscal 1998
(1) Social Welfare	8.6%	7.1%	(iii) 13.1%	10.3%
(2) Health/Medicine	5.0%	6.1%	3.4%	5.3%
(3) Sports	6.2%	6.1%	(iv) 11.3%	9.8%
(4) Academic Research	(I) 18.1%	19.8%	7.1%	5.2%
(5) Education	(iii) 11.7%	12.3%	9.2%	8.9%
(6) Arts/Culture	(v) 9.2%	9.5%	(I) 22.0%	21.1%
(7) Environmental Protection	4.6%	4.8%	(v) 10.1%	12.2%
(8) Preservation of Historical Site and Traditional Culture	2.4%	2.3%	0.7%	1.2%
(9) Community Involvement	(ii) 13.6%	14.1%	(ii) 16.6%	18.5%
(10) International Exchange/Cooperation	5.6%	5.8%	3.5%	3.3%
(11) Disaster Aid	3.7%	1.2%	0.2%	1.2%
(12) Others	(iv) 10.9%	11.0%	3.0%	3.2%

*; (i)-(v) Top five in each category

IV. The Ratio of Donations to Tax Exemption Limits (Simple Average)

Although the application rate (simple average) of tax exemption limit to general donations was declined from the previous fiscal year down to 47.7%, that to Designated Public Interest Organization was increased over the fiscal 1998.

The number of companies that reached 100% of the tax exemption limit was 32 (9.9% of the respondents) for general donations and 12 (3.7% of the respondents) for Designated Public Interest Organization. Both of these ratios continue the downward trend as recorded for fiscal 1998.

The Ratio of Donations to Tax Exemption Limits (Simple Average)

Fiscal Year	1993	1994	1995	1996	1997	1998	1999
Average Ratio to General Tax Exemption Limit (Companies responding)	47.0% (307)	48.8% (329)	52.8% (286)	51.2% (328)	55.1% (324)	51.0% (312)	47.7% (269)
Average Ratio to Tax Exemption Limit of Donations to Designated Public Interest Org. (Companies responding)	24.8% (298)	27.2% (318)	29.1% (269)	24.8% (313)	27.8% (315)	22.9% (302)	24.3% (259)

The Number of Corporations Which Gave Donations up to the 100% of Tax Exemption Limit

Fiscal Year	1993	1994	1995	1996	1997	1998	1999
General Tax Exemption Limit (Ratio to companies responding)	42 corp. (13.7% of 307 corp.)	30 corp. (9.1% of 329 corp.)	25 corp. (8.7% of 286 corp.)	34 corp. (10.4% of 328 corp.)	51 corp. (15.7% of 324 corp.)	42 corp. (13.5% of 312 corp.)	32 corp. (9.9% of 269 corp.)
Tax Exemption Limit of Donations to Designated Public Interest Org. (Ratio to companies responding)	20 corp. (6.7% of 298 corp.)	22 corp. (6.9% of 318 corp.)	12 corp. (4.5% of 269 corp.)	19 corp. (6.2% of 313 corp.)	20 corp. (6.3% of 315 corp.)	13 corp. (4.3% of 302 corp.)	12 corp. (3.7% of 259 corp.)

V. The Average Donation Amount and Number of Donations per Company Divided According to the Type of Recipient

When looking at the average number and amount of donations per company divided according to the type of recipient, figures rose over those recorded in fiscal 1998 for both numbers and amounts for donations made to governmental entities either at the national or local level, designated donations or donations made to Designated Public Interest Organizations.

On the other hand, the number of donations declined to nonprofit public interest corporation, specified nonprofit corporations and other NPO/NGOs that do not have legal status as specified corporation. However, the donation amount to these corporations covered in categories and in the chart below jumped by a wide margin of more than 4 fold over the previous fiscal year.

The Average Donation Amount and Number of Donations per Company Divided According to the Type of Recipient

amount of donations in million yen
(number of donations)

Fiscal Year	1993	1994	1995	1996	1997	1998	1999
National/Local governments					37 (25.7)	33 (21.0)	50 (26.6)
Designated donations	65	63	59	60	26 (17.7)	16 (18.4)	26 (21.7)
Designated Public Interest Organizations	87	69	72	77	93 (44.3)	80 (43.4)	82 (48.6)
Nonprofit public interest corporations					59 (28.9)	55 (34.6)	49 (25.5)
Specified nonprofit corporations							29 (7.3)
NPO/NGOs which do not have legal status as corporations	110	110	120	117	8 (32.5)	9.6 (40.2)	15 (24.5)
Others					72 (113.7)	62 (116.2)	74 (140.4)
Corporate Foundations of our own	64	71	99	118	110 (1.8)	105 (1.9)	110 (2.3)

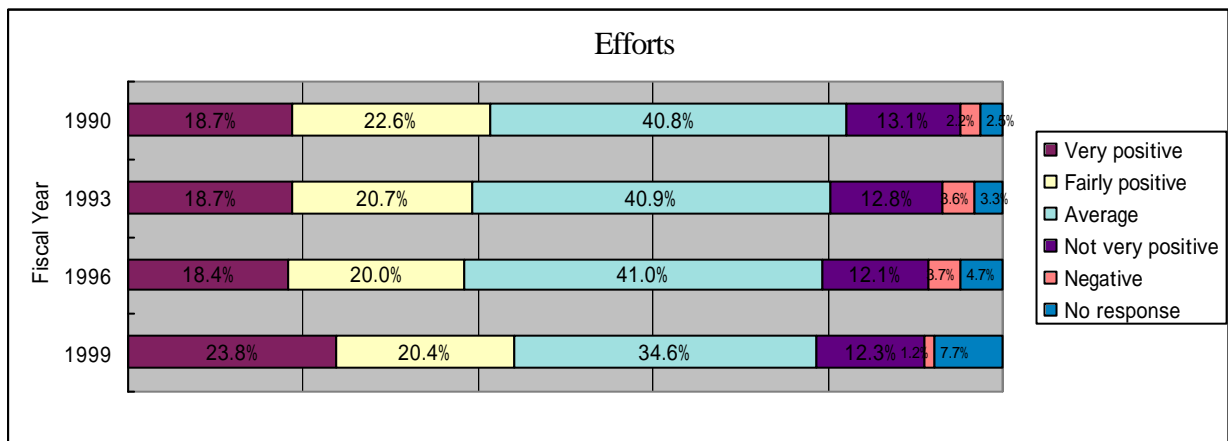
Result of Awareness Survey

Results of the Survey Regarding Philanthropic Consciousness and Philanthropic System (A large-scale, tri-annual survey. Fully 324 companies answered the survey of 1999.)

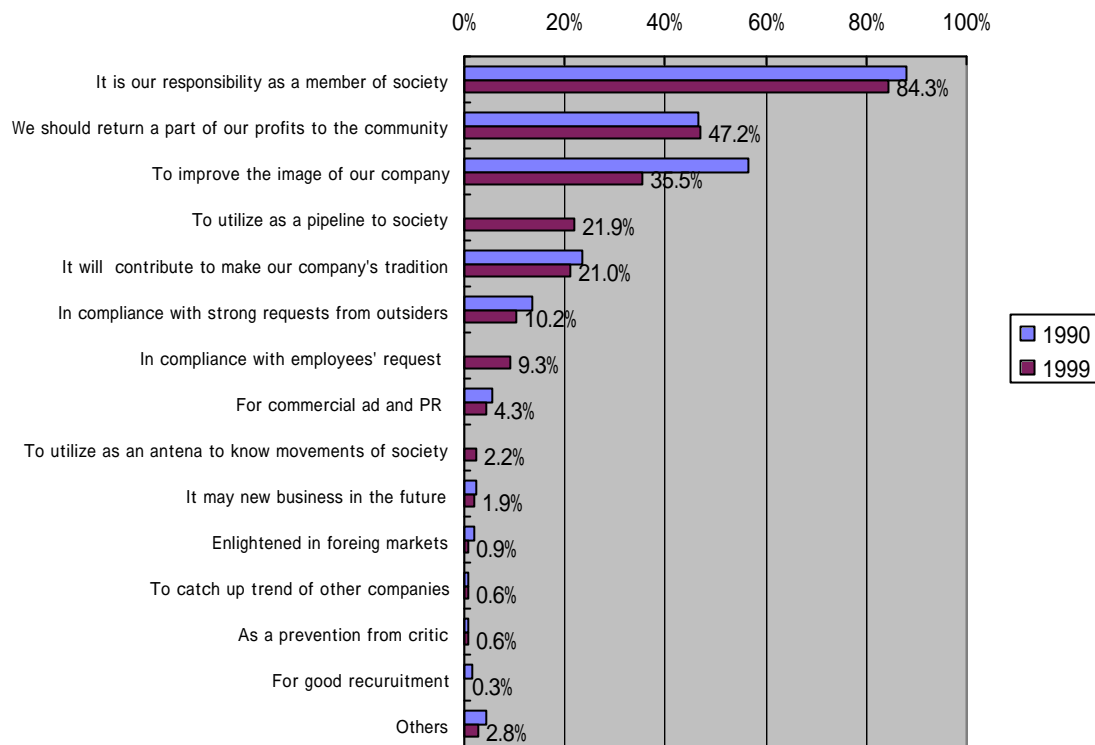
I. Corporate Efforts to Promote Philanthropic Activities

The ratio of companies that evaluated their efforts for philanthropic activities as “positive” rose by a wide margin from the 18% of the previous survey to 24%, added the number of “fairly positive,” 44.2% of companies characterize their efforts as serious. The reason most often given for engaging in philanthropic activities was “It is our responsibility as a member of society” with 84% of respondents.

Moreover, 61% of the respondents established some types of philanthropic activity promotion system, as attempt to make progress in setting up an environment for encouraging philanthropic activities.



Reasons (multiple response)



Philanthropic activity promotion systems within the Corporate Structure

Fiscal Year	~ 1992	1993	1994	1995	1996	1997	1998	1999	Total
Number of corporations that introduced system	135	21	16	26	19	34	22	32	
Documentation of basic policies	72	11	6	12	6	15	9	12	143
Organization of an exclusive department or appointment of a director	59	15	6	7	7	11	5	12	122
Appointment of a director in branches	17	1	1	2	8	5	3	5	42
Establishment of a corporate philanthropy committee	32	4	1	3	6	6	1	11	64
Making the budget for philanthropic activities	34	6	1	0	2	5	2	5	55
Establishment of money conversion rules	12	2	0	4	1	3	1	1	24
Organizational changes	1	0	1	4	0	5	5	9	25
Others	8	1	2	3	2	5	3	3	27
Total	235	40	18	35	32	55	29	58	502

• **Corporate Foundations /Charitable Trusts**

The number of responding corporations having independent foundations is about 32%, showing little change from the previous survey. The number of corporations which responded that the ratio of philanthropic activities through corporate foundation/charitable trust is “0 - 20%” is the highest with 15% of total response. At the same time, 8 companies said that the ratio of philanthropic activities through foundation/charitable trust is 80% or higher.

Corporate Foundations/Charitable Trusts

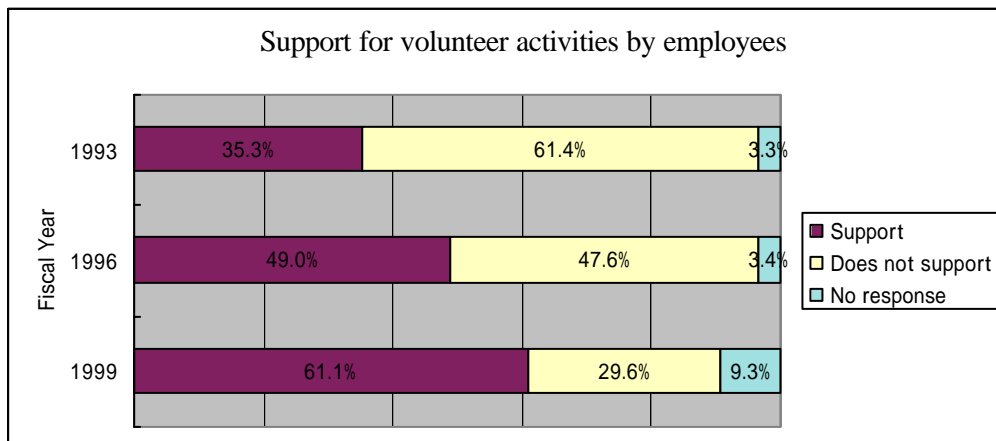
Fiscal Year	1990	1993	1996	1999	Number of corp.
Corporate foundation					
Yes	34.4%	31.7%	31.5%	31.5%	102
No	57.0%	60.1%	61.1%	53.1%	172
Charitable trust					
Yes	0.8%	2.3%	2.6%	2.5%	8
No	76.3%	72.6%	75.1%	67.0%	217

Ratio

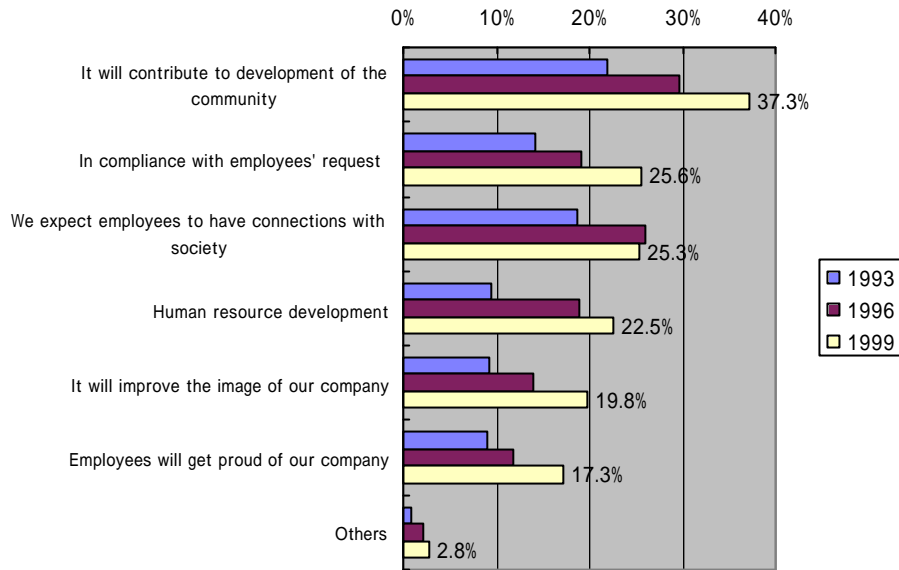
Fiscal Year	1990	1993	1996	1999	Number of corp.
0%	47.8%	27.9%	18.6%	11.1%	36
0-20%	15.9%	14.6%	15.6%	14.5%	47
20-40%	4.2%	7.7%	4.7%	4.6%	15
40-60%	4.2%	2.3%	1.4%	4.0%	13
60-80%	4.2%	2.6%	3.5%	1.2%	4
80-100%	0.3%	1.8%	1.6%	2.2%	7
100%	0.6%	1.0%	0.5%	0.3%	1

• **Support for Volunteer Activities by Employees**

About 61% of the responding companies are supporting volunteer activities by the employees. This figure far outnumbers the companies that do not support employees’ volunteer activities. The reason given most often at 37% for supporting employees was that the activities “ will contribute to development of the community.” Moreover, the number of companies that have introduced programs to support employee volunteer activities has surpassed the halfway point at 57%.



Reasons (multiple response)



Programs to support the volunteer activities by employees

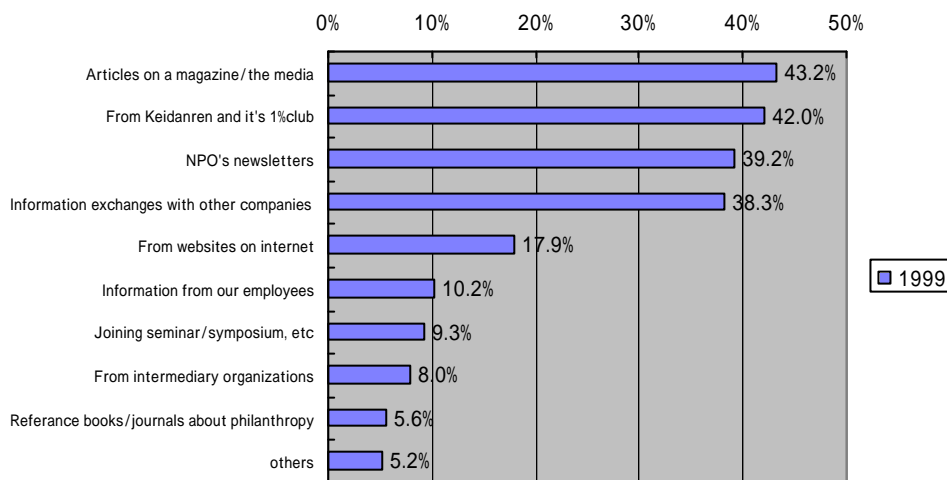
Fiscal Year	~ 1992	1993	1994	1995	1996	1997	1998	1999	Total
Number of corporations that introduced program	162	35	31	29	28	29	23	24	
Volunteer leave system	19	7	7	3	6	2	2	1	47
Japan Overseas Cooperation participation	38	8	12	3	6	1	1	3	72
Volunteer time-off system	23	12	11	11	11	10	7	6	91
Local community activity time-off system	6	4	4	0	1	1	0	1	17
Volunteer activist recognition system	20	4	4	1	4	4	3	2	42
Volunteer registration	5	5	5	4	4	5	3	3	34
Research on employees' volunteer activities	4	2	1	1	2	3	1	1	15
Training in volunteer activities	5	4	0	1	2	1	2	7	22
Support for retired employees' volunteer activities	1	1	0	1	3	0	1	2	9
Matching gift system	10	4	0	7	4	5	5	2	37
Local community contribution activity campaign	23	2	1	2	0	6	3	4	41
Others	5	3	7	2	3	4	9	3	36
Total	159	56	52	36	46	42	37	35	463

• **Collecting and Providing Information on Philanthropic Activities**

Nearly half of the responding companies at 43% referenced information journal such as articles on newspapers or mass communication media when collecting information on volunteer activities or philanthropic activities outside the company.

On the other hand, when providing information on their philanthropic activities, the highest number of respondents at 56% publishes information as company newsletters, but the number of companies that utilize internet websites at 36%, intra-net or e-mail at 34% to send notices, is on the rise. Many companies begin to utilize IT technologies to provide their own information.

Means of collecting information (multiple response)



Means of providing information (multiple response)

Fiscal Year	1993		1999	
	Percentage	Number of Corp.	Percentage	Number of Corp.
Provides information periodically through company newsletter	32.4%	180	55.6%	180
Provides information through websites on internet	12.1%	118	36.4%	118
Provides information through intra-net/e-mail	15.4%	110	34.0%	110
Provides information through company annual report	-	81	25.0%	81
Publishing information booklet on philanthropy	18.9%	52	16.0%	52
Periodically Publishing information journal on philanthropy	10.5%	16	4.9%	16
Others	9.6%	42	13.0%	42

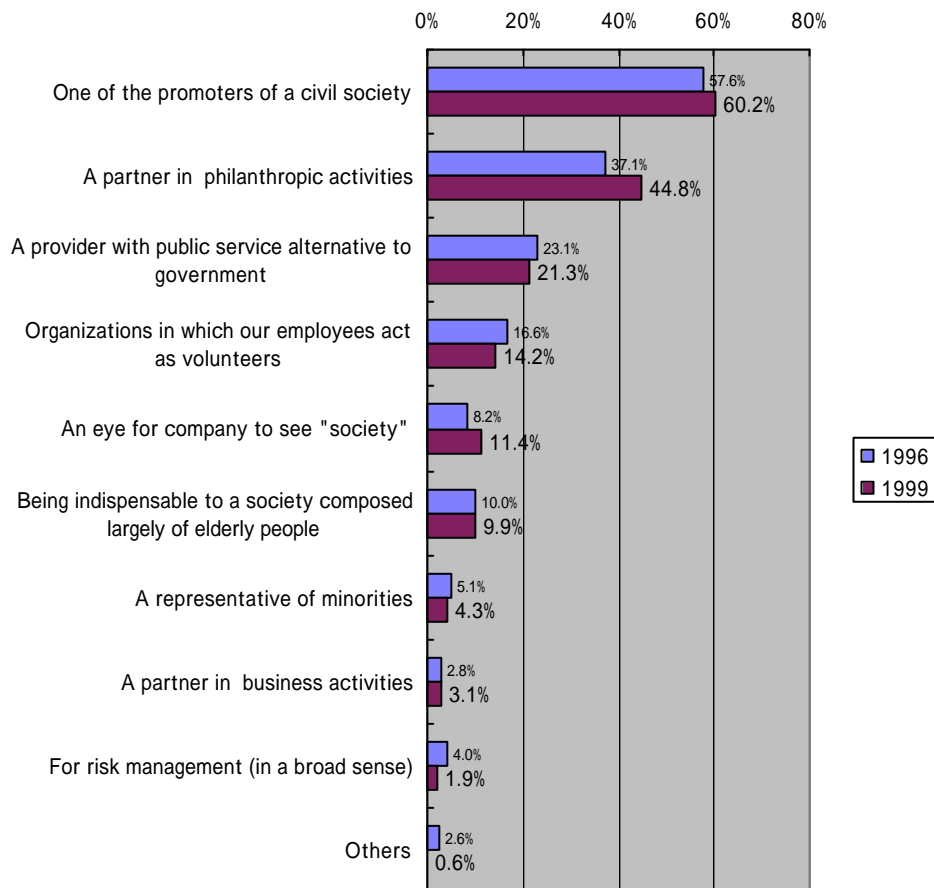
• **Support for and Partnership with NPO/NGOs**

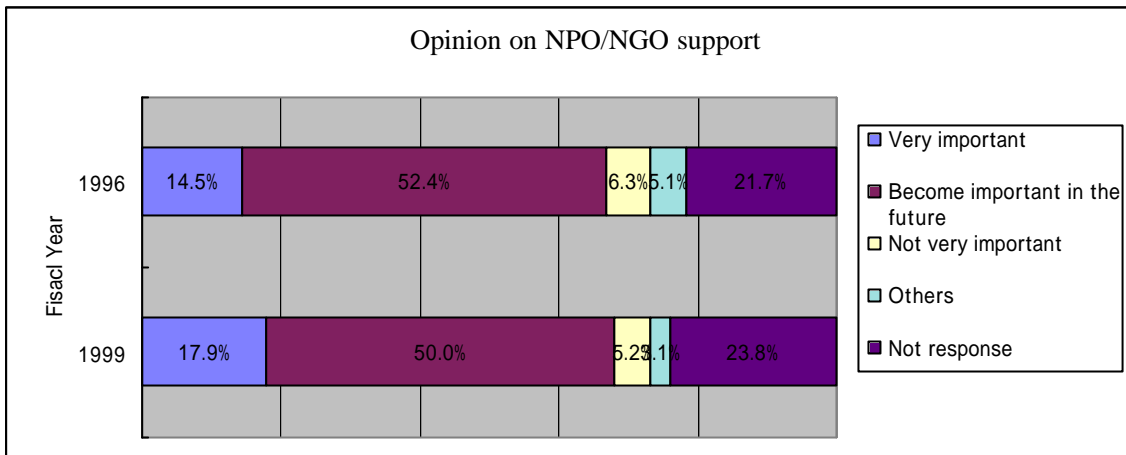
Companies have great expectations for NPO/NGOs with 60% recognizing them as “One of the promoters of a civil society,” and another 45% regarding them as “A partner in philanthropic activities.” More than two-thirds of respondents at 68% are aware of the importance of supporting and cooperating with NPO/NGOs as evidenced by their response to either “important” or “become important in the future.”

Moreover, when companies describe how they decided to supporting and cooperating with NPO/NGOs, the firms most often answered “transparency in their management” (53%) and “Results from previous activities” (45%). When questioned about how they found out about the NPO/NGOs with whom they were supporting or with whom they have partnership, companies most often answered “The NPO/NGOs itself approached us,” (38%) or “An article or some story on a magazine or the mass media.” (30%)

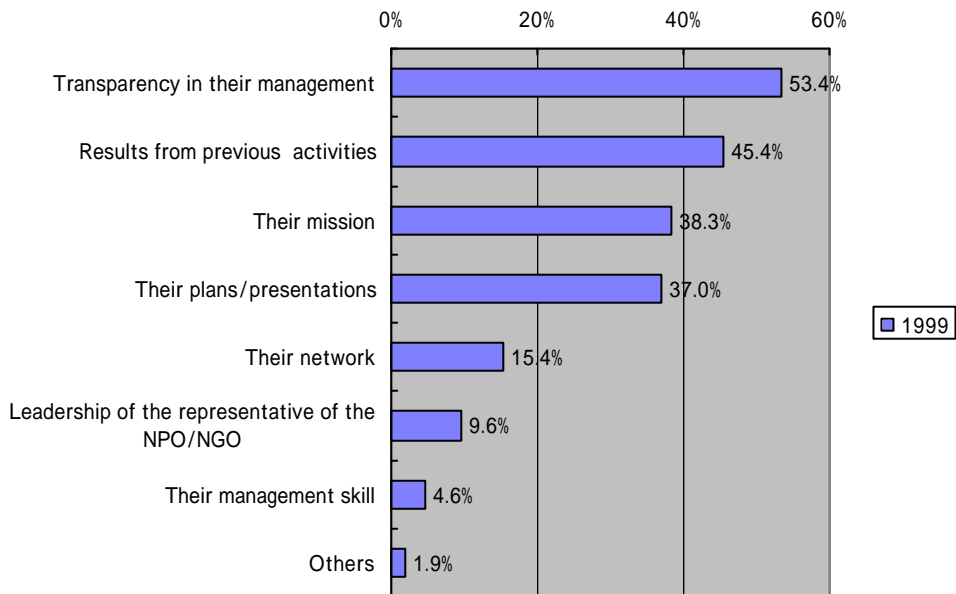
Respondents to the survey also answered that in order to propel activities of NPO/NGOs, they would need “Understanding and support from society” (46%) or “deregulations on contribution tax system.”(32%)

We recognize NPO/NGOs as ••• (multiple response)

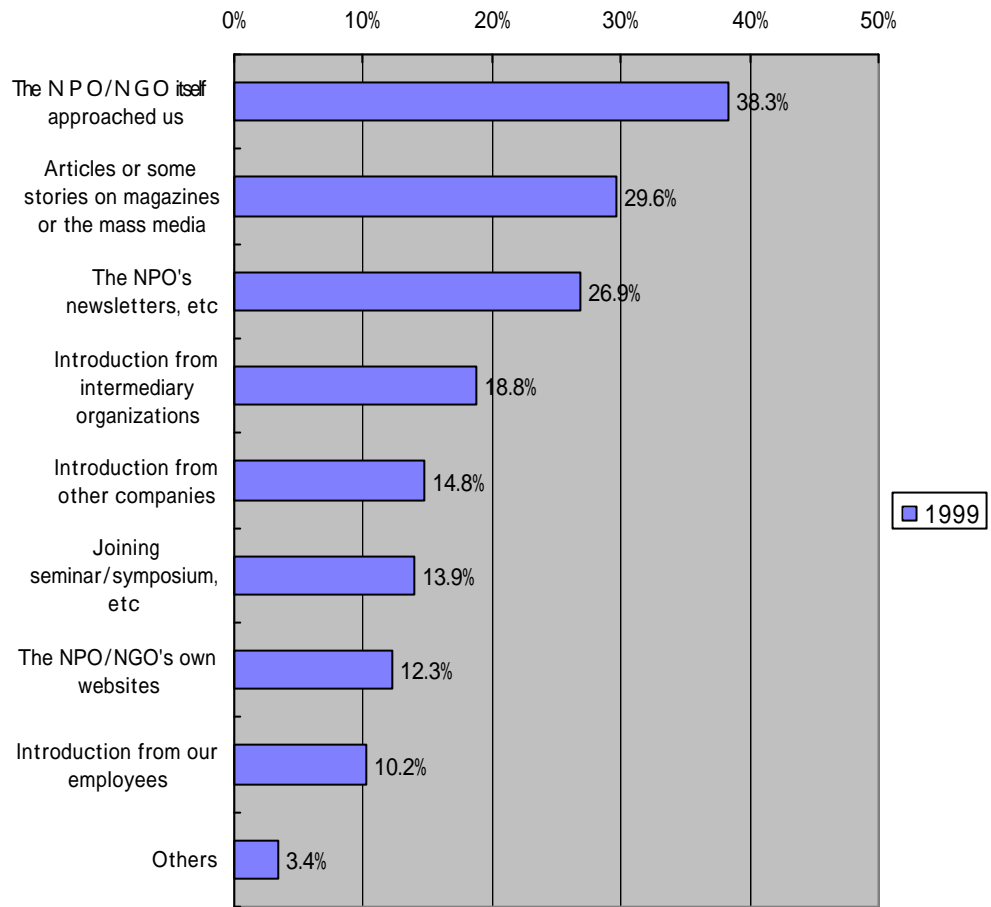




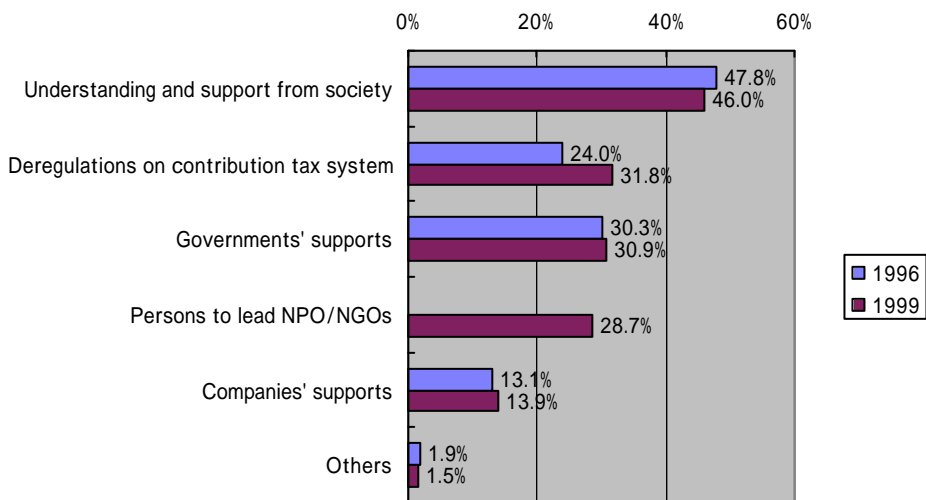
What's important for NPO/NGOs to be trusted as a partner of companies' (multiple response)



How we knew the NPO/NGOs to have partnership with (multiple response)



What's necessary for NPO/NGOs' activities (multiple response)



• **Problems in Contribution Tax System**

Many companies questions why support for NPO/NGOs is not included in corporate income taxes, individual income taxes and individual local inhabitants tax exemptions. This percentage of the tax problem jumped by a wide margin of nearly 10 points from the previous survey.

Many corporations point out the difficulty for nonprofit public interest corporations to get Designated Public Interest Organization status.

Corporation tax					(multiple response)	
Fiscal Year	1990	1993	1996	1999	Number of Corp.	
NPO/NGO support not included in tax	-	18.4%	20.3%	29.9%	97	
Not enough Designated Public Interest Organizations	38.3%	35.0%	24.7%	27.2%	88	
Tax exemption limit is too small	50.0%	33.5%	25.4%	21.6%	70	
Not enough designated donations	36.9%	32.0%	27.0%	20.7%	67	
Part of project expense is entertainment which does not qualify as tax exempt expense	15.9%	10.2%	10.7%	10.8%	35	
Others	3.6%	5.1%	1.9%	4.6%	15	

Individual income tax					(multiple response)	
Fiscal Year	1990	1993	1996	1999	Number of Corp.	
NPO/NGO support not included in tax	-	27.4%	23.8%	34.3%	111	
Not enough Designated Public Interest Organizations	-	30.9%	21.7%	18.5%	60	
Tax exemption limit is too small	-	21.7%	17.0%	12.7%	41	
Others	-	4.6%	2.3%	4.6%	15	

Individual local inhabitants tax

(multiple response)

Fiscal Year	1990	1993	1996	1999	Number of Corp.
Minimum amount of donation for tax exemption is too large	38.5%	43.2%	34.5%	32.1%	104
NPO/NGO support not included in tax	-	18.4%	17.9%	26.9%	87
There are too few organizations in tax exemption	33.2%	32.2%	22.8%	21.3%	69
Tax exemption limit is too small	24.6%	13.8%	9.8%	9.3%	30
Others	2.8%	3.3%	2.1%	3.7%	12

About Designated Public Interest Organizations

(multiple response)

Fiscal Year	1990	1993	1996	1999	Number of Corp.
Too difficult to be qualified	34.1%	39.4%	31.7%	28.7%	93
There are too few Designated Public Interest Organizations	38.0%	35.5%	26.6%	25.6%	83
Multipurpose organizations are not being qualified	14.5%	16.4%	16.1%	12.7%	41
others	2.2%	4.9%	2.1%	6.5%	21

Survey Case Results

We received replies from 232 corporations in regards to the portion of the survey that asked companies to list five or fewer cases where the firm had put efforts into philanthropic activities. The 232 corporations cited some 503 instances.

- (1) While the ratio of Independent Programs continues to grow, programs to support voluntary activities by employees are also on the rise.
- (2) In 12 categories, the cases most often fit into “Community Involvement,” “Social Welfare” or “Education.” The trend seems to be for companies to challenge positively problems concerning the community and the society of which the company is a member.

Types of activities		(multiple response)	
Fiscal Year	1999		1998
	Number of cases		
Donations			
Money	149	23.4%	30.5%
Goods	50	7.8%	8.5%
Facilities usage	30	4.7%	5.6%
Employees' participation	59	9.3%	9.4%
Other s	24	3.8%	-
Independent Programs	238	37.4%	35.9%
Support volunteer activities by employees	76	11.9%	10.2%
Others	11	1.7%	-
Sum	637	100.0%	100.0%

By category		(multiple response)	
Fiscal Year	1999		1998
	Number of cases		
Social Welfare	128	15.3%	14.9%
Health/Medicine	29	3.5%	3.4%
Sports	43	5.1%	6.3%
Academic Research	47	5.6%	6.7%
Education	109	13.0%	10.7%
Arts/Culture	98	11.7%	12.1%
Environmental Protection	103	12.3%	13.5%
Preservation of Historical Site and Traditional Culture	22	2.6%	2.2%
Community Involvement	139	16.6%	16.4%
International Exchange/Cooperation	74	8.9%	8.5%
Disaster Aid	32	3.8%	2.6%
Others	12	1.4%	2.8%
Sum	836	100.0%	100.0%

* * * * *