

Summary of the Survey on Corporate Philanthropic Activities in Fiscal 2004 (Tentative translation)

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Committee on Corporate Philanthropy
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<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. In this 15th edition of the survey, Keidanren also looked into the issue of assistance to disaster-stricken communities, an important agenda for many corporations, the relationship between corporate social responsibility and corporate philanthropic activities, and corporate arrangements to promote global philanthropic activities. The number of corporations responded to this survey totaled 454, a clear indication that many companies are now eager to disclose information about their corporate philanthropic activities. Keidanren takes this opportunity to express its sincere gratitude to all the parties who have cooperated in this survey.

According to the results of this year's survey, fiscal 2004 saw a substantial increase in expenditures in corporate philanthropic activities. The total amount stood at 150.8 billion yen, an increase of 22.2% from fiscal 2003, or an average of 351 million yen per company, up 5.1%. The fact that the amount of philanthropic expenditures per company increased amid a sharp rise in the number of companies that responded to the survey can be attributed to higher outlays by major corporations, particularly among corporate members of the 1% Club. For instance, while the ratio of companies responding to the survey for two consecutive years with increased philanthropic expenditures dipped below 50% after 1997, the ratio exceeded 60% in fiscal 2004. Also, expenditures among corporate members of the 1% Club averaged 776 million yen per company in fiscal 2004, the second largest amount so far.

Fiscal 2004 was also a year marked by a series of natural disasters in Japan and elsewhere, such as the Niigata-Chuetsu Earthquake in Japan, the Great Sumatra Earthquake, and extensive flooding in Japan. The survey shows 97.2% of the responding corporations provided assistance to the disaster-stricken communities. This is one reason why corporate philanthropic expenditures were pushed up in fiscal 2004. It is important for companies to tap into their field of expertise in times of natural disasters and ensure that their assistance is provided effectively. Effective assistance also requires that corporations discuss and coordinate their work among themselves and also with government authorities and the NPOs.

As it was seen in last year's survey, the current survey shows more and more companies are reexamining their corporate philanthropic activities under the framework of corporate social responsibility. Sixty-five percent of the responding corporations say, "Growing interest in corporate social responsibility has an impact on corporate

philanthropic activities," and they indicate that they have been reexamining their corporate philanthropic activities. Their efforts range from beefing up information disclosure to drawing up basic philanthropic policies and philanthropic programs, setting up criteria for the selection of recipients of corporate donations, and providing support for employee volunteer activities.

Keidanren hopes that, in the future, its member companies and corporate members of the 1% Club will place the policies and goals of their corporate philanthropic activities within the framework of their overall business activities and collaborate more closely with domestic and overseas stakeholders so as to generate a greater social impact. Keidanren hopes the results of this survey will be of help to its member companies in discharging their corporate accountability, using their wisdom and ingenuity to create corporate philanthropic programs of their own.

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I. Survey Summary

1. Purpose of the survey

In order to ascertain the current state of corporate philanthropic activities and gain further social understanding, as well as to contribute toward future corporate philanthropic activities, Keidanren has been conducting an annual survey on corporate philanthropic activities since 1991. The results are released every year.

This year's survey not only covers corporate philanthropic activities but also features a special report on the corporate thinking on three issues that many corporations become conscious when promoting corporate philanthropic activities and the measures they have adopted in addressing these issues.

2. Contents of the survey

(1) Findings of corporate philanthropic activities in fiscal 2004:

- 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) Special opinion survey

- a. Assistance to disaster-stricken areas (not translated into English)
- b. The relationship between corporate social responsibility and corporate philanthropic activities
- c. Mechanisms to promote global corporate philanthropic activities, including specific examples of philanthropic activities in developing countries/regions -- separate volume.

3. Targets of the survey

Member companies of Keidanren and corporate members of the 1% Club, 1,390 companies in total. (Many of them double their membership.)

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, 2005.

6. Number of responses

454 companies, Response rate: 32.7%.

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

The number of companies that reported corporate philanthropic expenditures totaled 430, an increase of 61 from the previous year. The total amount of expenditures in fiscal 2004 came to 150.8 billion yen, with the average amount per company at 351 million yen, an increase of 5.1% from fiscal 2003.

Among the 147 corporate members of the 1% Club that responded to the survey, the average amount of philanthropic expenditures in fiscal 2004 came to 776 million yen, up 9.9% from the previous year. The average amount of expenditures from 1% Club corporate members was more than double the aggregate average of fiscal 2004 and more than 1.8 times the aggregate average of past years.

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

Total Expenditure

Fiscal Year	1998	1999	2000	2001	2002	2003	2004
Total Amount	137,600	124,600	134,500	117,000	119,000	123,200	150,800
(Number of companies)	(360)	(309)	(323)	(342)	(316)	(369)	(430)
Average per company	382	403	416	342	376	334	351
(Growth Rate)	(-7.7%)	(+5.5%)	(+3.2%)	(-17.8%)	(+9.9%)	(-11.2%)	(+5.1%)

[Among the corporate members of the 1% Club]

Fiscal Year	1998	1999	2000	2001	2002	2003	2004
Total Amount	111,900	79,200	117,900	96,600	92,500	103,000	114,100
(Number of companies)	(173)	(115)	(167)	(146)	(143)	(146)	(147)
Average per company	647	689	706	682	647	706	776
(Growth Rate)	(-7.4%)	(+6.3%)	(+2.6%)	(-3.4%)	(-5.1%)	(+9.1%)	(+9.9%)

*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 contribution as a corporate philanthropic activity. The data for fiscal 2003 and fiscal 2004 included such contributions.

2. Ratio of corporate philanthropic expenditures to ordinary profits, etc.

The ratio of corporate philanthropic expenditures to corporate revenues in fiscal 2004 was 0.09% among 398 companies in the survey, down from 0.14% in the previous fiscal year. The ratio to ordinary profits on a simple average basis was 1.75% among 407 companies, a 0.21 point increase from the previous year, and the ratio to pre-tax profits among 382 companies rose slightly over the previous year, to 1.95%.

With regard to 1% Club corporate members, the ratio to ordinary profits was 2.29% among 139 companies, 0.54 percentage point higher than the aggregate average.

Ratio of Expenditure

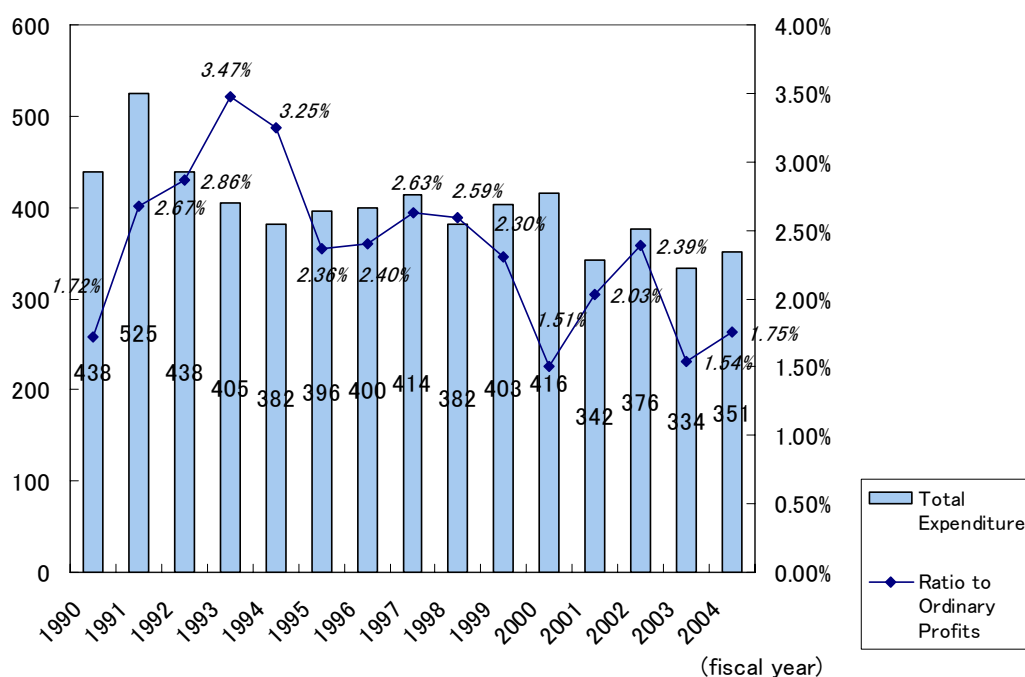
Fiscal Year	1998	1999	2000	2001	2002	2003	2004
Ratio to revenue	0.10%	0.10%	0.10%	0.19%	0.13%	0.14%	0.09%
(Number of companies)	(342)	(283)	(303)	(322)	(302)	(347)	(398)
Ratio to ordinary profits	2.59%	2.30%	1.51%	2.03%	2.39%	1.54%	1.75%
(Number of companies)	(295)	(279)	(308)	(275)	(267)	(332)	(407)
Ratio to pretax profits	2.70%	4.76%	2.56%	3.31%	3.20%	1.92%	1.95%
(Number of companies)	(256)	(229)	(274)	(218)	(233)	(312)	(382)

[Among the corporate members of the 1% Club]

Fiscal Year	1998	1999	2000	2001	2002	2003	2004
Ratio to revenue	0.13%	0.13%	0.13%	0.26%	0.21%	0.17%	0.12%
(Number of companies)	(165)	(111)	(162)	(143)	(140)	(141)	(135)
Ratio to ordinary profits	3.22%	2.46%	1.91%	2.28%	2.82%	2.08%	2.29%
(Number of companies)	(147)	(109)	(162)	(120)	(121)	(136)	(139)
Ratio to pretax profits	3.15%	5.39%	3.25%	3.28%	3.63%	2.19%	2.11%
(Number of companies)	(122)	(93)	(142)	(98)	(103)	(129)	(128)

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

(million yen)



4. Details of corporate philanthropic expenditures

(1) Ratio of corporate philanthropic expenditures by categories of activities

Fiscal Year (Number of companies)	Ratio of corporate philanthropic expenditures to total expenditures (estimates)	
	2003 (330)	2004 (395)
(1) Social Welfare	7.8%	5.8%
(2) Health/Medicine	8.3%	4.8%
(3) Sports	7.1%	6.7%
(4) Academic activities, research	13.5%	14.0% (No.2)
(5) Education, social education	10.0%	12.6% (No.3)
(6) Arts/Culture	17.4%	18.7% (No.1)
(7) Environmental Protection	12.9%	11.5% (No.4)
(8) Archeology, preservation of traditional culture	0.8%	0.4%
(9) Local community Involvement	8.7%	10.0% (No.5)
(10) International Exchange and Cooperation	3.2%	3.4%
(11) Assistance to disaster-stricken communities	0.6%	4.2%
(12) Assistance for disaster-prevention community work		0.2%
(13) Human rights	0.4%	0.1%
(14) NPO infrastructure-building work	0.3%	0.2%
(15) Political contributions	1.2%	1.3%
(16) Others	7.8%	6.1%

(2) Donations: average 240 million yen per company among 430 companies, an increase of 5.7% from the previous year. Among the 145 1% Club corporate members, the average amount was 511 million yen per company, up 7.8%.

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

Total Donations

Fiscal Year	1998	1999	2000	2001	2002	2003	2004
Total Amount	88,300	78,700	87,300	78,500	79,600	82,900	103,200
(Number of companies)	(357)	(306)	(318)	(336)	(301)	(366)	(430)
Average per company	247	257	274	234	264	227	240
(Growth Rate)	(-10.2%)	(+4.0%)	(+6.6%)	(-14.6%)	(+12.8%)	(-14.0%)	(+5.7%)

[Among the corporate members of the 1% Club]

Fiscal Year	1998	1999	2000	2001	2002	2003	2004
Total Amount	71,600	46,400	75,400	69,000	64,500	68,700	74,100
(Number of companies)	(172)	(115)	(164)	(154)	(138)	(145)	(145)
Average per company	416	403	460	476	467	474	511
(Growth Rate)	(-8.0%)	(-3.1%)	(+14.1%)	(+3.5%)	(-1.9%)	(+1.5%)	(+7.8%)

- (3) Expenses for voluntary programs: average 103 million yen per company among 417 companies, down 1.9% from the previous year. Among the 144 1% Club corporate members, the average amount was 252 million yen per company, up 13.0%.

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

Expenses for voluntary programs

Fiscal Year	1998	1999	2000	2001	2002	2003	2004
Total Amount	49,300	44,100	47,000	36,100	35,300	37,600	42,400
(Number of companies)	(357)	(298)	(317)	(328)	(299)	(359)	(417)
Average per company	138	148	148	110	118	105	103
(Growth Rate)	(-4.2%)	(7.2%)	(0%)	(-25.7%)	(+7.3%)	(-11.0%)	(-1.9%)

[Among the corporate members of the 1% Club]

Fiscal Year	1998	1999	2000	2001	2002	2003	2004
Total Amount	40,300	31,800	42,300	29,200	23,900	37,100	36,300
(Number of companies)	(171)	(111)	(163)	(142)	(137)	(142)	(144)
Average per company	236	287	260	206	174	223	252
(Growth Rate)	(-9.2%)	(+21.6%)	(-9.4%)	(-20.8%)	(-15.5%)	(+28.2%)	(+13.0%)

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

1. Mechanisms and procedures introduced, or modified, by companies to promote corporate philanthropic activities in fiscal 2004

In fiscal 2004, 100 companies, or 22.0% of the 454 companies responding to the survey, set up new mechanisms, or modified existing procedures, to promote corporate philanthropic activities. Details of the new mechanisms and procedure modifications are as follows:

Fiscal Year	~1990	1991 ~1995	1996 ~2000	2001	2002	~2002	2003	2004	Total
1.Documentation of basic policies	—	—	—	—	—	181	34	55	270
2.Setting up a special office or assigning staff to promote corporate philanthropic activities	27	50	34	8	18	12	36	39	224
3.Assigning staff to supervise corporate philanthropy at each business location	3	10	11	2	4	2	7	9	48
4.Setting up company-wide bodies, across operational lines, to promote corporate philanthropic activities.	6	17	18	3	17	8	22	34	125
5. Setting up corporate philanthropy groups with the participation of outside experts	0	1	1	1	1	2	2	2	10
6.Introducing a budgetary system for philanthropic activities.	7	18	12	0	11	37	18	20	123
7.Setting up rules to convert non-monetary contributions into quantifiable amounts.	2	5	8	5	6	21	7	5	59
8.Miscellaneous.	0	5	0	1	8	1	17	18	50
9.Modifying existing procedures, etc.	0	0	19	7	21	3	27	33	110

Notes: "~ 2002" refers to mechanisms and procedures introduced by fiscal 2002. As regards to "Documentation of basic policies," since the year of implementation prior to fiscal 2002 was not included in the survey, the implementation date is not clear if the measure had been put in place by fiscal 2002.

2. The position of special offices and staff assigned to promote corporate philanthropic activities

The practice of setting up a special office to promote corporate philanthropic activities within the framework of corporate social responsibility was most extensively adopted, by 26.4% of companies surveyed, while there was a decline in the practice of putting these offices under the PR and corporate communication departments or business planning departments. Those were the most often used practices in fiscal 2003. The survey shows most of the staff assigned to corporate philanthropic duties belong to publicity and corporate communication departments, general affairs departments, or corporate social responsibility departments.

	2003		2004	
		Number of companies		Number of companies
Setting up a special office (under)	30.2%	117	31.7%	144
A. PR, Corporate Communication Dept.		37		30
B. Administration Dept.		20		34
C. Business Planning Dept.		11		7
D. CSR Dept.		16		38
E. Directly linked to Top Management		11		14
F. Others		16		21
No reply		6		0
Assigned staff (belong to)	29.4%	114	31.9%	145
A. PR, Corporate Communication Dept.		38		39
B. Administration Dept.		44		39
C. Business Planning Dept.		11		7
D. CSR Dept.		15		32
E. Directly linked to Top Management		3		1
F. Others		18		27
No special office or assigned staff	44.8%	174	43.2%	196
Others	4.9%	19	7.3%	33

3. Support for employee volunteer activities

Among the 454 companies that responded to the survey, 73, or 16.1% of the total, reported that they created mechanisms in fiscal 2004 to support employees who engage in volunteer activities. The mechanisms created are as follows:

Fiscal Year	~1990	1991 ~1995	1996 ~2000	2001	2002	~2002	2003	2004	Total
a. Leave of absence for volunteer work.	5	23	20	2	1	1	4	7	63
b. Participation in Japan Overseas Cooperation Volunteers.	17	38	11	1	1	3	4	5	80
c. Holidays for volunteer work.	1	37	34	7	10	3	6	25	123
d. Commendation for employees who served as volunteers.	3	15	7	3	4	5	6	9	52
e. Registration of employees who offered to serve as volunteers.	0	11	12	1	1	3	7	5	40
f. Volunteer training program.	0	6	7	1	0	3	6	7	30
g. Support for retired employees who serve as volunteers.	0	3	11	1	3	3	2	3	26
h. Support for matching-gift funds.	1	15	17	1	10	3	6	21	74
i. Campaign to promote corporate philanthropic activities in local communities.	3	18	10	3	8	5	17	14	78
8. Miscellaneous	0	16	13	3	5	3	11	15	66

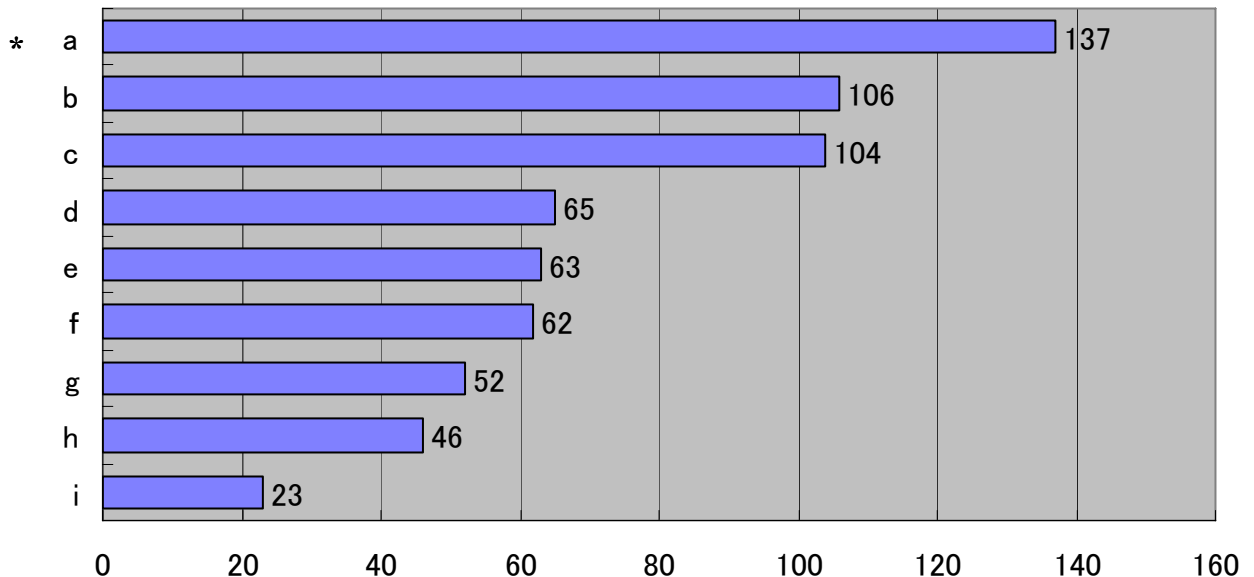
V. Survey results on the relationship between corporate social responsibility and corporate philanthropic activities

Note: "IV. Survey results on assistance to disaster-stricken areas" are not translated into English.

1. Impact of corporate social responsibility on corporate philanthropic activities

- (1) As 297 companies have reported that heightened interest in corporate social responsibility had an impact on their corporate philanthropic activities, the ratio (65.4% of the companies responding to the survey) is significantly high.
- (2) Among the principal areas of impacts, the most frequently cited (46.1%, by 137 companies of the 297 reporting that there had been an impact) was the awareness to "promote disclosure of information more vigorously." Respondents who cited the need to "review the basic principles of corporate philanthropic activities" stood at 106 companies, or 35.7% of the total, while 104 companies, or 35.0% of the total, cited the need to "review corporate philanthropic programs."

The principal areas of impacts cited:

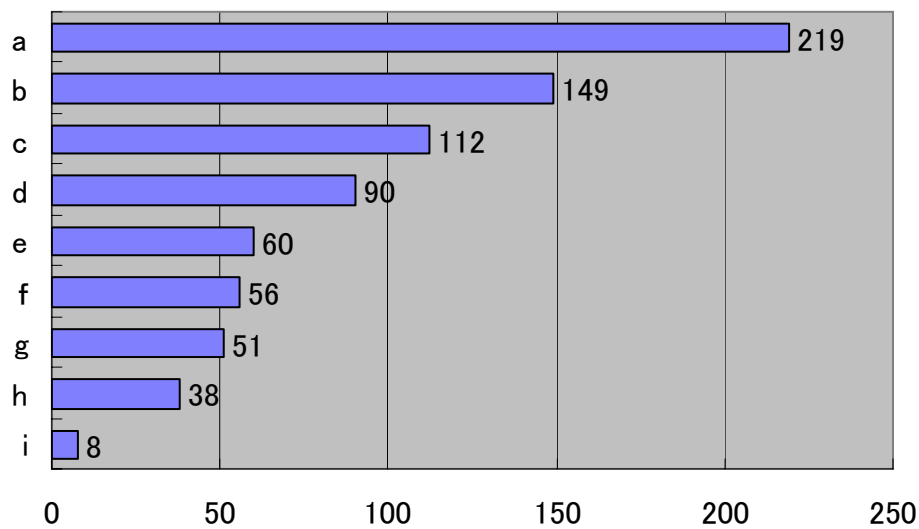


- * a. Promote disclosure of information more vigorously.
 b. Review the basic principles of corporate philanthropic activities.
 c. Review corporate philanthropic programs.
 d. Review the standards used to determine the recipients of corporate donations.
 e. Review programs to support employee volunteer activities.
 f. Change the company's arrangements to promote philanthropic activities apart from the corporate philanthropy departments.
 g. Introduce evaluation procedures for corporate philanthropic activities, bolstering such procedures if they are in existence.
 h. Reassign corporate philanthropy offices/personnel to more appropriate company departments.
 i. Others

2. The focus of corporate social responsibility in reviewing corporate philanthropic activities

Keidanren asked the respondents to the survey to list, up to three examples in order of priority, the key focus of corporate social responsibility in reviewing their corporate philanthropic activities. Topping the list (cited by 219 companies, or 78.5% of the 297 reporting that had been an impact) was "enhancing the corporate value and corporate brand." Respondents who listed "enhancing accountability toward the company's stakeholders" stood at 149 companies, or 50.2% of the total, while 112 companies, or 37.7% of the total, listed "enhancing the effectiveness of philanthropic activities and the impact on the local community."

The impacts listed in order of priority

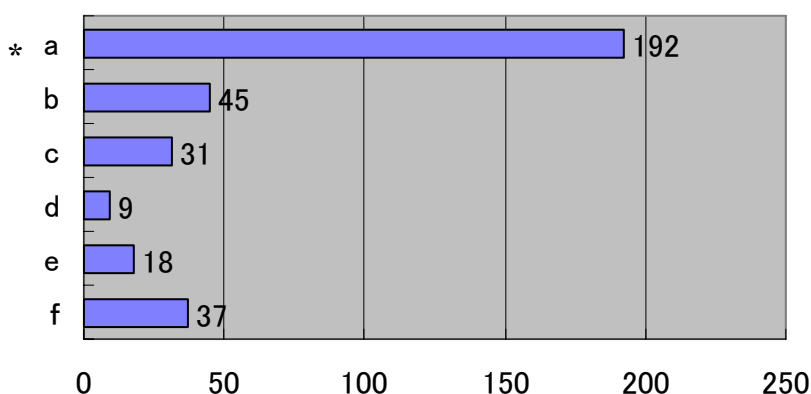


- * a. Enhancing corporate value and corporate brand.
- b. Enhancing accountability toward the company's stakeholders.
- c. Enhancing the effectiveness of philanthropic activities and the impact on the local community.
- d. Providing a better focus on the company's main lines of business and related fields of activities.
- e. Seeking a new agenda for corporate social responsibility-related activities and developing implementing programs.
- f. Effective collaboration with business partners.
- g. Addressing issues of globalization.
- h. Reflecting the voices of stakeholders.
- i. Others.

VI. Survey results on global corporate arrangements to promote corporate philanthropic activities

When asked about global corporate arrangements that have been made to promote corporate philanthropic activities, 192 companies of the 454 responding to the survey, or 42.3% of the total, said their "group companies (those subject to consolidated earnings reports) conduct philanthropic activities on their own in their respective countries/regions." Forty-five companies said their "group headquarters take the initiative and carry out corporate philanthropic activities in various countries/regions in collaboration with their local group companies," while 31 companies said they "set up a common global agenda and group companies carry out corporate philanthropic activities on their own in the countries/regions where they operate."

The key global arrangements



- * a. Group companies carry out corporate philanthropic activities on their own in the countries/regions where they operate.
- b. Global headquarters carry out corporate philanthropic activities in collaboration with local group companies.
- c. Set up a common global agenda and allow group companies to carry out philanthropic activities on their own.
- d. Set up corporate philanthropic foundations in key countries/regions.
- e. Others
- f. No coordinated global philanthropic activities.

The following are the main "Others" items reported:

- In the process of setting up a common global agenda for the group companies to proactively conduct corporate philanthropic activities in various countries/regions.
- In the process of switching to a corporate philanthropic program for the group headquarters with respect to global philanthropic activities while the various group companies carry out proactive philanthropic activities in their respective countries/regions.
- The group headquarters provides financial support for the philanthropic activities organized independently by group companies in their respective countries/regions.
- Basically, local business units carry out philanthropic activities on their own in the light of the needs of the countries/regions where they operate. In countries/regions where such method is difficult to implement, the group headquarters initiates

philanthropic programs and gradually shifts these programs to the local business units.

- As a general rule, the various group companies carry out philanthropic activities on their own. There are cases where a common agenda is set up and local philanthropic activities carried out in coordination with the group headquarters.
- If necessary, the corporate social responsibility environmental office in the group headquarters negotiates directly with the governments of the countries concerned.
- Conduct philanthropic activities by setting up a foundation for international culture in Japan.
- Pending agenda for the future.

● Survey results on specific examples of global philanthropic activities (in developing countries)

The growth of interest in corporate social responsibility in recent years can be attributed to the public demand that private businesses also make contributions toward the solution of social problems afflicting developing countries, such as the environment, poverty, human rights, diseases, and education. In this survey, we asked the respondents to provide a general account, up to three examples, of how they have helped tackle social problems in the developing countries where they carried out corporate philanthropic activities in fiscal 2004.

We received reports of 181 examples from 104 companies, or 22.9% of the 454 companies which responded to the survey.

The "major objectives" cited in the 181 examples (multiple responses) include:

	Number of examples
a. To ensure sustainability in the environment.	40
b. To eliminate poverty and hunger.	36
c. To promote regional development.	29
d. To promote education.	83
e. To ensure social diversity (to provide opportunities and enhance the status of people with disabilities, senior citizens, women and other disadvantaged segments of the community).	21
f. Disease prevention such as HIV, Malaria, etc.	18
g. Peace-building.	7
h. Others	41