

Environmental Accounting

Costs and effects of environmental protection measures are ascertained numerically, shared, and used to identify potential problems.

In order to grasp the cost and effect of the environmental protection activities in a quantitative manner, FDK Group has introduced an environmental accounting system and has been disclosing the data to the public since 2001. We aim to use the data in our environmental management system and to promote more efficient environmental activities.

Basic Data for Environmental Accounting in FY 2006

Accounting Period

April 1, 2006 to March 31, 2007

Scope of Data Collation

Plants of FDK Corporation in Japan
(incl. FDK Engineering Co., Ltd. and FDK Energy Co., Ltd.)

Calculation Standards for Environmental Protection Costs

- Method of depreciation cost collation
Calculated using the straight-line method for a use life of five years.
- Rules for apportioning mixed costs
Only the portion related to environmental protection is counted.
- Labor cost
Labor costs are included in the environmental accounting.

Calculation Standards for Effects of Environmental Protection

- Scope of economic effect
It includes actual and estimated effects on environmental protection activities.
- Accounting period for calculating investment effects
Accounting period of actual effects is set to five years same as the depreciation period.

Environmental Accounting in FY2006

Environmental Cost

After the end of depreciation periods for environmental protection facilities invested in the past, the depreciation costs were reduced together with the labor costs for environmental management functions. On the other hand, costs for R&D, planning and designing eco-friendly products to meet the requirements of the RoHS* Directive rose. Overall, the ultimate reduction in environmental costs came to 327 million yen, or an 11% reduction from the previous year.

Economic Effects

Cost for consigning disposal of industrial waste was successfully reduced. In addition, the increased sales of lead-free products and RoHS compliant products contributed to increase the effects of R&D for eco-friendly products. The overall economic effects arising from them came to a year-on-year increase by 461 million yen, i.e. 11%.

* RoHS stands for Restriction of the use of certain Hazardous Substance in electrical and electric equipment.

Environmental Accounting Result in FY 2006

(Unit: million yen)

Items		Scope	Results	
Costs	Cost in business operations	Pollution prevention costs	Costs incurred to prevent air pollution and water contamination (fees for water treatment facilities) and other activities	35
		Environmental protection costs	Costs of energy-saving measures, as well as costs of global warming reduction measures	50
		Costs of resources recycling	Costs incurred for waste reduction and disposal, as well as for water conservation, rainwater usage and other measures aimed at efficient resources usage	79
	Upstream/downstream costs		Costs of lowering the environmental burden imposed upstream and downstream by manufacturing and service activities (costs incurred for recycling/reuse of waste products and packaging, Green Procurement, etc.)	18
	Management costs		Management-related environmental protection costs including personnel expenses for environmental promotion activities and costs associated with acquiring and maintaining ISO14001 certification, measuring the environmental burden, greencification programs, environmental reporting and environmental publicity	86
	R&D and solutions business costs		Environmental protection costs for R&D activities and costs of environmental solutions business activities (Green Product/environmental technology design and development costs, environmental solutions business costs, others)	57
	Social activities costs		Environmental protection costs stemming from participation in social activities, such as participation in organizations concerned with environmental protection	0
	Environmental restoration costs		Costs of environmental restoration operations (eliminating soil and groundwater contamination, environmental compensation, etc.)	2
Total			327	
Effects	Effects on business operations	Pollution prevention effects	Savings from avoidance of operating losses stemming from failure to observe (*1), environmental laws and regulations as well as contribution by environmental protection activities to value added in manufacturing (*2)	15
		Environmental protection effects	Cost savings from reductions in electricity, oil and 101 gas consumption	93
		Resource recycling effects	Cost savings from reduction and effective use of waste	124
	Upstream/downstream effects		Sales value of recycled and reused products	12
	Management effects		Efficiency enhancement through ISO14001 system implementation, effects of employee training, corporate image enhancement from environment-related publicity	142
	R&D/solutions business effects		Contribution to sales made by Green Products, other Eco-friendly products and the environmental solutions business	75
	Environmental restoration effects		Savings of compensation payments to residents for groundwater and soil contamination (*3)	0
	Total			461

Social activities costs are indicated as "0" since calculated values do not reach one million yen.
 *1 Value of avoidance of operating losses: (Added value)/(Days of operation)×(Estimated days lost)
 *2 Value contributed by environmental protection activities: (Added value)×(Ongoing operating costs of all environmental protection facilities)/(Total cost generated)
 *3 Value of avoidance of compensation payments to residents: Estimated savings assuming that risks were able to be averted.
 As of FY 2004, FDK Group calculated its environmental accounting separately from that of Fujitsu Corporation. However, the calculation is made in accordance with Fujitsu Group's Environmental Accounting Guideline 2003, in order to maintain the data consistency.

Cost Unit: million yen

Depreciation	Investment in FY 2006	20
	Past investment	42
Cost		265
Total for Expenditure		327

Effects Unit: million yen

Substantial effects	230
Putative effects	231
Total for effects	461

Substantial effects include profits generated by saving public utility consumption and selling of recyclable wastes.
 Putative effects mean profits assumed as economically effective under a certain definition.
 (Environmental protection effects against the added values obtained from our production activities)

Shift of costs and effects

