

Environmental Accounting

Costs and effects of environmental protection measures are grasped, shared and used for identifying 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 at associating the data to our environmental management system and promoting more efficient environmental activities.

Basic Data for Environmental Accounting in FY 2005

Accounting Period

April 1, 2005 to March 31, 2006

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 incurred in the scope of data collation are included in the environmental accounting.

Calculation Standards for Effects of Environmental Protection Measures

- 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 FY2005

Environmental Cost

Thanks to the successful reduction of wastes, the cost for disposing and treating them were reduced. At the same time, pollution prevention activities, once outsourced, was switched to in-house activities, by which, ongoing operation costs of all environmental protection facilities were successfully reduced. The completion of the depreciation periods for environmental protection facilities set up in the past enabled us to save the amount of depreciations. On the other hand, there were some increase of labor costs regarding developing eco-friendly products and green procurement for complying with RoHS*. After taking all of them in consideration, the amount of environment-related cost incurred in FY2005 was 369 million yen, down by 1% over the previous year.

Economic Effects

Due to the reduced ongoing operation costs of all environmental protection facilities, the ratio of monetary contributions for environmental protection activities to the added-values obtained from production activities (or putative effects) decreased. On the other hand, increased use of ECO-DB, a database on substances placing burden on the environment, lifted up the effect of reducing man-hours for tabulation. Due to the increase in contribution by selling eco-friendly products, the putative effects were raised. As a result, the overall economic effects of our environmental protection activities came to 416 million yen, or 2% over the previous year.

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

Environmental Accounting Result in FY 2005

(Unit: million yen)

Items		Scope	Results	
Costs	Costs in business operations	Pollution prevention costs	Costs incurred to prevent air pollution and water contamination (fees for water treatment facilities) and other activities	55
		Environmental protection costs	Costs of energy-saving measures, as well as costs of global warming reduction measures	54
		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	74
	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.)	34	
	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, greenification programs, environmental reporting and environmental publicity	101	
	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)	51	
	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.)	0	
	Total			369
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⁾	27
		Environmental protection effects	Cost savings from reductions in electricity, oil and 101 gas consumption	107
		Resource recycling effects	Cost savings from reduction and effective use of waste	78
	Upstream/downstream effects	Sales value of recycled and reused products	19	
	Management effects	Efficiency enhancement through ISO14001 system implementation, effects of employee training, corporate image enhancement from environment-related publicity	144	
	R&D/solutions business effects	Contribution to sales made by Green Products, other Ecofriendly products and the environmental solutions business	41	
	Environmental restoration effects	Savings of compensation payments to residents for groundwater and soil contamination ⁽³⁾	0	
Total			416	

*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	Effects		Unit: million yen
Depreciation	Investment in FY 2005	3	Substantial effects	204	
	Past investment	63	Putative effects	212	
Cost		303	Total for effects	416	
Total for Expenditure		369			

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

