Environmental Accounting

Results are assessed and challenges are identified by quantitatively grasping the cost-effectiveness of environmental conservation activities.

Characteristics and Results of Environmental Accounting

Since FY2001, the FDK Group has been disclosing the cost-effectiveness of reducing their environmental burdens by introducing quantitative environmental accounting. We hope to apply the knowledge gained from this quantitative data to more effective environmental activities.

Basic Elements of Environmental Accounting

●Period of Application during FY2007

April 1, 2007 to March 31, 2008

●Scope of Data Collection

FDK Group's domestic plants

●Calculation Standard for Environmental Costs

- **Method for calculating depreciation and amortization**
  The fixed amount method over a service life of five years was applied.
- **Calculation standard for combined costs**
  Only the costs pertaining to environmental conservation were included in the calculation.
- **Calculating in-house personnel costs**
  In-house personnel costs are also included.

●Standard for Calculating Economic Effects Accompanying Environmental Conservation Measures.

- **Scope of effects**
  Actual effects and estimated effects pertaining to environmental conservation are included in the calculation.
- **Calculation period for the effect of investments**
  The calculation period for actual effects is set to be the same as depreciation and amortization, five years.

Characteristics of FY2007 Environmental Accounting

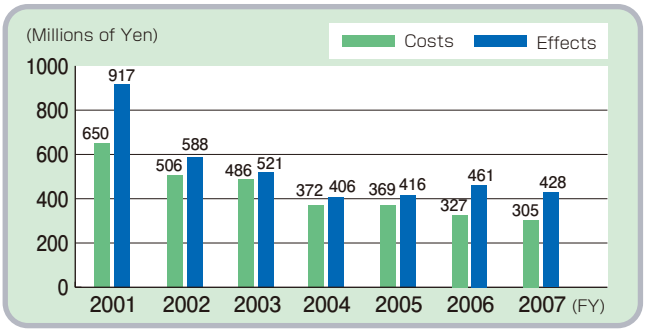
●Costs

As the period of depreciation and amortization corresponding with the investments made in the past for environmental facilities has expired, total depreciation and amortization has decreased. Meanwhile, costs pertaining to research and development as well as planning and design for eco-friendly products have increased. As a result, Environmental costs have decreased by 305 million yen, a 7% reduction from the last term.

●Effects

Since the calculation period for the effect of past capital investment has expired, calculated effects against investment have decreased significantly. Meanwhile, increase in the net sales of eco-friendly products backed up by elimination of lead, compliance with the RoHS Directive, energy and resource saving design have increased effect of research and development for eco-friendly products. As a result, the economic effect has decreased by 428 million yen, a 7% reduction from the last term.

Transition of Cost-Effectiveness



Results of FY2007 Environmental Accounting

Unit: Millions of Yen

	Item		Description	Results
Costs	Costs within the Business Area	Cost of Pollution Prevention	Costs for the prevention of air and water quality pollution (including effluent fees)	34
		Costs of Environmental Conservation	Costs pertaining to energy saving and global warming measures	32
		Costs of Recycling Resources	Costs pertaining to the reduction and processing of waste, as well as the effective use of resources such as the reduction of water usage and the increased use of rain water	77
	Upstream/Downstream Costs		Costs pertaining to the reduction of our environmental burdens arising at the upstream/downstream of production and service activities (recycling and reusing of discarded products and packaging, as well as costs of green procurement, etc.)	10
	Management Costs		Environmental conservation costs pertaining to management (personnel costs for environmental conservation promotion activities, acquisition and maintenance of ISO 14001 certification, measurement of environmental burdens, promotion of greenery projects, creating environmental reports, and producing environment related publicity)	85
	Costs of R&D and the Solutions Business		Costs pertaining to environmental conservation in research and development, as well as costs pertaining to the environmental solutions businesses, (design and development costs for green products and environmental technologies, costs for environmental solutions businesses)	67
	Costs of Social Activities		Environmental conservation costs in social activities (donations and support to environmental conservation organizations)	0
	Costs of Environmental Restoration		Costs of environmental restoration (Restoring polluted soil and underground water, and compensation pertaining to environmental conservation)	0
			Total	305
Effects	Effects within the Business Area	Effects on Pollution Prevention	Value of avoiding operating losses at plants (*1) pertaining to non-compliance with laws and regulations, value contributed by environmental conservation activities (*2) corresponding with the added value gained from production	9
		Effects on Environmental Conservation	Amount of cost reduction in conjunction with reduction of electricity, oil and gas usage	43
		Effects on Recycling of Resources	Amount of cost reduction through reduction and effectiveuse of waste	121
	Upstream/Downstream Effects		Amount of sales for valued and reused items through recycling of discarded products, etc.	11
	Management Effects		Improved efficiency from construction of an ISO 14001-based system, effect of in-house education for employees, contribution by improved image through environmental publicity	161
	Effects of R&D and the Solutions Business		Contribution to sales through green/eco-friendly products, and environmental solutions businesses	82
	Effects of Environmental Restoration		Value of the avoidance of expenditure such as compensation payments to residents through soil and ground water pollution measures (*3)	0
The total value may not be exact because values are rounded below the decimal point.			Total	428

Social activities and environmental restoration costs are set to zero due to their values being less than the unit value.

*1 Value of avoiding operating losses: Added value/days of operation x estimated days lost

*2 Value contributed by environmental conservation activities: Added value x ongoing operating costs of all environmental conservation facilities/total costs incurred

*3 Savings from the avoidance of possible risk calculated from the estimation of possible risk

Since FY2004, we have no longer been a part of the consolidation with the FUJITSU Group environmental accounting. However, based on consideration for continuity, we made our calculation based on FUJITSU Group's Environmental Accounting Guidelines 2003.

Breakdown of Costs

(Unit: Millions of Yen)

Depreciation and Amortization	FY2007 Investments	3
	Past Investments	33
Expenses		269
Total Costs		305

Breakdown of Effects

(Unit: Millions of Yen)

Actual Effects	175
Estimated Effects	253
Total Effects	428

Actual effects : Cost reduction from conserved electricity and utilities, and profit gained from the sale of recycled goods

Estimated effects : Effects assumed to be economic effects by definition (environmental conservation effects corresponding with the added value associated with production)

Effects of Environmental Conservation

Total Environmental Burdens in FY2006 - Total Environmental Burdens in FY2007

Amount of CO_2 Emissions (t-CO_2)	1,696
Amount of Waste Emissions (t)	215
Amount of Emissions for PRTR Controlled Chemicals (t)	1