

Environmental Accounting

In order to grasp the cost and effect of its environmental protection activities in a quantitative manner, FDK Group introduces an environmental accounting system and discloses the data to the public. We aim at associating the data to our environmental management system and promoting more efficient environmental activities.

Environmental Accounting Result in fiscal 2004

Unit: million yen

Items		Scope	Result	
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	74
		Environmental protection costs	Costs of energy-saving measures, as well as costs of global warming reduction measures	52
		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	96
	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.)	25	
	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, greening programs, environmental reporting and environmental publicity	65	
	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)	60	
	Social activities costs	Environmental protection costs stemming from participation in social activities, such as participation in organizations concerned with environmental preservation	0	
	Environmental restoration costs	Costs of environmental restoration operations (eliminating soil and groundwater contamination, environmental compensation, etc.)	0	
Total			372	
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⁾	43
		Environmental protection effects	Cost savings from reductions in electricity, oil and gas consumption	101
		Resource recycling effects	Cost savings from reduction and effective use of waste	73
	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	135	
	R&D/solutions business effects	Contribution to sales made by Green Products, other Eco-friendly products and the environmental solutions business	35	
	Environmental restoration effects	Savings of compensation payments to residents for groundwater and soil contamination ⁽³⁾	0	
	Total			406

We indicated "0" for items whose value is less than 1 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.

Cost		Unit: million yen	Effects		Unit: million yen
Depreciation	Investment in fiscal 2004	2	Actual effects	193	
	Past investment	88	Assumed effects	213	
Total cost		282			

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

Environmental protection effects (Total burdens in fiscal 2003 – Total burdens in fiscal 2004)

CO ₂ emission	11,198 t – CO ₂
Total wastes generated	265 t
Total wastes in the PRTR list generated	2 t

Shift of costs and effects

Unit: million yen

	Fiscal 2001	Fiscal 2002	Fiscal 2003	Fiscal 2004
Costs	650	506	486	372
Effects	917	588	521	406

Characteristics of fiscal 2004 Environmental Accounting

Environmental costs

Reductions of environment-related costs in fiscal 2004 include pollution prevention measures done in-house instead of outsourcing them and the depreciation cost was decreased due to the environmental protection facility totally depreciated in the previous fiscal year.

Whereas, increases of the cost in this fiscal year include introduction of lead-free soldering equipment and R&D cost consisting of labor cost for developing eco-friendly products.

Economical effects

Energy-saving effects were significantly reduced due to the closure of economical effect calculation period for facilities invested in the past, and recycle effects of materials for manufacturing ferrites reduced to zero due to the termination of manufacturing the product domestically.

Operation of the ECO-DB, a unique database of FDK Group on the environmental burden of chemical substances helped reducing person-hours for tabulating total chemical substances included in products. Estimated effects showed an increase due to the uplifted sales of eco-friendly products.

Basic Data for Environmental Accounting in fiscal 2004

Accounting Period

April 1, 2004 – March 31, 2005

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 preservation 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.

As of fiscal 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.