

5. Environmental Accounting

a. Cost/Benefit Trends

	FY 2001		FY 2002		FY 2003		(Billion Yen) FY 2004 (Forecast)	
	Costs	Benefits	Costs	Benefits	Costs	Benefits	Costs	Benefits
	Fujitsu Limited	7.7	12.3	7.9	8.8	7.9	10.3	8.5
Affiliated companies	11.0	12.0	11.0	12.2	11.1	13.6	11.1	14.4
Total	18.7	24.3	18.9	21.0	19.0	23.9	19.6	25.6

b. Itemization of Fiscal Year 2003 Results ^{*1}

Costs	Item	(Billion Yen)		
		Fujitsu Limited	Affiliated companies	Total
Business area costs				
Pollution prevention costs	Costs incurred to prevent air pollution and water contamination (fees for water treatment facilities) and other activities	2.9	2.6	5.5
Global environmental conservation costs	Costs of energy-saving measures, as well as costs of global warming reduction measures	0.9	2.7	3.6
Resource circulation costs	Costs incurred for waste reduction and disposal, as well as for water conservation, rainwater usage and other measures aimed at efficient resources usage	1.4	2.0	3.4
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.)	0.1	0.7	0.8
Administration costs	Management-related environmental protection costs, including personnel expenses for environmental promotion activities and costs associated with acquiring and maintaining ISO14001 certification, measuring environmental burden, greenification programs, environmental reporting and environmental publicity	2.1	1.6	3.7
R&D/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)	0.4	1.5	1.9
Social activities costs	Environmental protection costs stemming from participation in social activities, such as participation in organizations concerned with environmental preservation	0.0	0.0	0.0
Environmental Remediation costs	Costs of environmental restoration operations (eliminating soil and groundwater contamination, environmental compensation, etc.)	0.1	0.0	0.1
Total		7.9	11.1	19.0

(Continued)

		(Billion Yen)		
Benefits	Item	Fujitsu Limited	Affiliated companies	Total
Business area benefits				
Pollution prevention benefits	Stemming from failure to observe environmental laws and regulations as well as contribution of environmental protection activities to value added*2 in manufacturing	3.9	5.6	9.5
	Savings from avoidance of operating losses*3	0.1	0.5	0.6
Global environmental conservation benefits	Cost savings from reductions in electricity, oil and gas consumption*4	1.7	1.0	2.7
Resource circulation benefits	Cost savings from reduction and effective use of waste*4	2.6	4.6	7.2
Upstream/downstream benefits	Sales value of recycled and reused products*4	0.0	0.9	0.9
Administration benefits	Efficiency enhancement through ISO14001 system implementation, effects of employee training, corporate image enhancement from environment-related publicity	0.4	0.4	0.8
R&D/Solutions business benefits	Contribution to sales made by Green Products, other eco-friendly products and the environmental solutions business	1.0	0.6	1.6
Environmental remediation benefits	Savings of compensation payments to residents for groundwater and soil contamination*5	0.6	0.0	0.6
Total		10.3	13.6	23.9

*1 Classification system is in accordance with "Environmental Accounting Guidelines 2002" issued by Japan's Ministry of the Environment.

*2 Avoidance of operating losses: value added/days of operation x days lost

*3 Contribution of environmental protection activities in relation to value added: value added x maintenance and management costs for environmental facilities/total generated costs

*4 Actual Benefit

*5 Estimate of risk avoidance assuming such events arise

c. Comment

In FY 2003, resource recycling benefits increased compared with the previous year due to the implementation of new resource saving activities (Green Process Activities). The total benefit for the whole group was 23.9 billion yen.

Regarding FY 2004, Fujitsu projects consolidated environmental costs of 19.6 billion yen and benefits of 25.6 billion yen due to production increases, expansion of resource saving activities, benefits of super-green products, and other factors.

d. Third Party Audit

This information is being released following completion of an audit of Fujitsu's FY 2003 environmental accounting by Shin Nihon Environmental Management and Quality Research Institute. Information on the improvement indicator, which shows the relationship between environmental impact and the cost of environmental protection measures, will be released separately.