Environmental Accounting

Evaluating and improving the effectiveness of our environmental management through cost & benefit assessment helps identify problems and share best practices across the Group.

In fiscal 1998, we introduced environmental accounting, in which investments in environmental conservation and attendant benefits are evaluated by developing a clear picture of the costs and benefits connected with environmental conservation efforts. Ever since, we have been publicizing the results of these efforts.

In these calculations, we provide a clear overall picture of Group environmental conservation activities using not only the Ministry of the Environment's Environmental Accounting Guidelines but also computational standards that we have established independently in order to estimate effects that are not so easily assessed. In light of these estimates, Fujitsu's plants and subsidiaries can clarify the issues they need to address, while sharing meanwhile in the benefits of this analysis. In environmental accounting, we also calculate the results produced by Green Process activities, which simultaneously cut both the environmental burden and manufacturing costs.

More detailed data on basic environmental accounting elements and related information may be found on the Fujitsu website.

http://www.fujitsu.com/global/about/environment/report/

Fiscal 2004 Overview

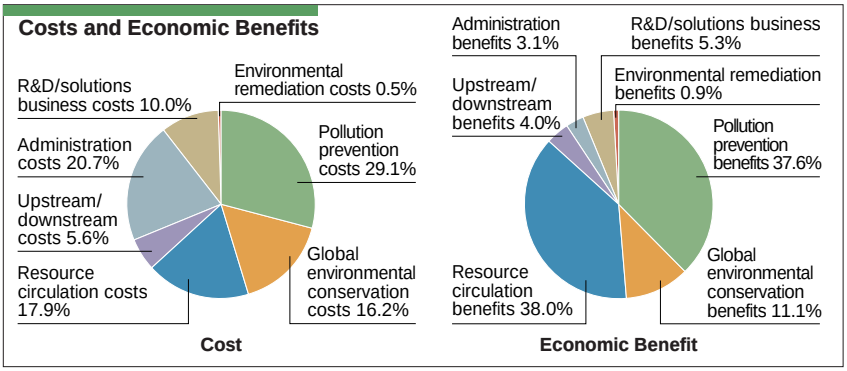
Fiscal 2004 was the first year of Stage IV of the Fujitsu Group Environmental Protection Program.

In addition to the work to improve environmental efficiency in our business activities, we were involved in many environmental conservation efforts aimed at achieving sustainable business management, including the development of Super Green Products — products with industry-leading levels of environmental friendliness — and also the provision of Environmentally Conscious Solutions, which can help our customers lower their environmental burdens.

As a result, total environmental costs declined 1.1 billion yen versus last year to 17.9 billion yen, while total economic benefits declined 1.3 billion yen over the same period to 22.6 billion yen. However, from fiscal 2004 FDK Corporation and Eudyna Devices Inc. (formerly Fujitsu Quantum Devices Ltd.) were not included in Fujitsu's consolidated accounts, so fiscal 2004 figures reflect the impact of their removal from the scope of this period's environmental accounting. If the impact from these two companies is excluded, total costs were down by 0.3 billion yen and total economic benefits showed a decline of 0.5 billion yen when compared to the previous year.

As for environmental costs, a lowering of costs in the business areas was the main reason for lowered total costs. On the benefits side, even though actual benefits showed an increase, particularly due to benefits derived from resource circulation, the decrease in pollution prevention benefits among our estimated benefits was primarily responsible for the overall decline in economic benefit.

Costs and Economic Benefits



Results for FY2004

Item		Main areas covered	Costs (100 million yen)	Classification of benefits	Economic benefit (100 million yen)	Environmental conservation benefits
Business area costs/ benefits	Pollution prevention costs/benefits	Preventing air pollution/preventing water pollution, etc.	52 (–3)	Estimated benefits	85 (–16)	CO_2 6,375 tons-CO_2
	Global environmental conservation costs/benefits	Preventing global warming, energy conservation, etc.	29 (–7)	Actual benefits	24 (–2)	NOx 37 tons
				Estimated benefits	1 (±0)	SOx –153 tons
	Resource circulation costs/benefits	Disposal of waste, efficient utilization of resources, etc.	32 (–2)	Actual benefits	86 (±14)	BOD –26 tons
Upstream/downstream costs/benefits		Recycling of used products, green purchasing, etc.	10 (+2)	Actual benefits	9 (±0)	COD –22 tons
Administration costs/benefits		Environmental management system, environmental training of employees, disclosure of environmental information, etc.	37 (±0)	Actual benefits	2 (±0)	Amount of waste generation 753 tons
				Estimated benefits	5 (–1)	
R&D/solutions business costs/benefits		R&D to develop products that contribute to environmental conservation, etc.	18 (–1)	Estimated benefits	12 (–4)	Discharge of 16.2 tons PRTR target substances
Social activity costs/benefits		Donations to, or financial support for, environmental groups, etc.	0 (±0)	Estimated benefits	0	
Environmental remediation costs/benefits		Restore the natural environment back to its original state, etc.	1 (±0)	Estimated benefits	2 (–4)	
Total			179 (–11)	Subtotal, actual benefits	121 (+13)	
				Subtotal, estimated benefits	105 (–26)	
				Total	226 (–13)	

- Numbers in parentheses indicate increases or decreases in comparison with the previous year.
- Among those economic benefits which derive from administration, reductions in personnel costs due to greater efficiencies have been assigned to actual benefits from fiscal 2004 on, so our comparison to the previous year excludes this effect.
- "0" is employed for social activity costs and economic benefits of less than 100 million yen.
- No comparisons are offered for social activity benefits since calculation of this figure only began in fiscal 2004.
- Individual year-over-year comparisons and the total year-over-year comparison may not agree due to rounding.
- Environmental conservation benefit = fiscal 2003 total environmental burden – fiscal 2004 total environmental burden
- The carbon dioxide amount listed among environmental conservation benefits is the amount connected with energy use.

Classification of Economic Benefits

- Actual Benefits
  Benefits which can be directly declared in monetary amounts, like savings produced in the case of reductions in environmental conservation costs.
- Estimated Benefits
  Benefits not directly presentable in monetary amounts which can be put into monetary figures under certain conditions (e.g. contribution of environmental conservation activities to value added in manufacturing, savings from avoidance of operating losses stemming from failure to observe environmental laws and regulations.)

Environmental Conservation Costs and Economic Benefits

Looking at environmental conservation costs, a new facility at one of our plants producing electronic devices just started operations, and maintenance and operation costs for environmental equipment increased by 100 million yen. However, since capacity utilization rates at some of the consolidated subsidiaries have declined, maintenance and operation costs for environmental equipment declined by 700 million. As a result, total costs declined.

In terms of economic benefits, pollution prevention benefits (one part of risk avoidance benefits deriving from new investment in plants) increased by 300 million yen, contributory benefits derived from environmental conservation activity that help in producing added value declined by 1,700 million yen, due to a decline in capacity utilization rates at a subsidiary. Meanwhile, resource circulation benefits increased by 300 million yen due to the promotion of Green Process activities in Fujitsu plants, and sales of valued resources by consolidated subsidiaries increased by 1,500 million yen.

Looking at estimated versus actual benefits, estimated benefits decreased by 2,600 million yen, but actual benefits increased by 1,300 million yen. The increase in actual benefits is a result of a Fujitsu Group approach to environmental conservation that gave central focus to the promotion of Green Process activities.

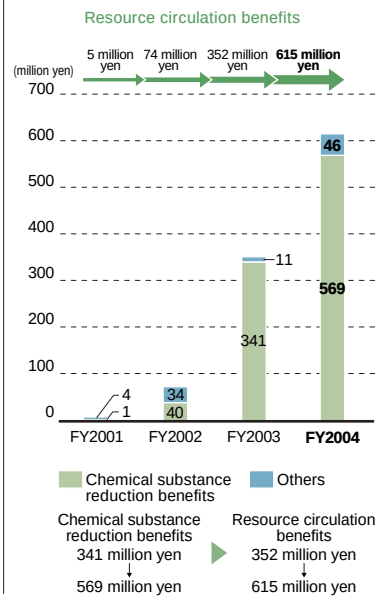
Benefits of Green Process Activities

The Fujitsu Group is expanding the range of its Green Process activities, going beyond plants that produce electronic devices to include assembly plants.

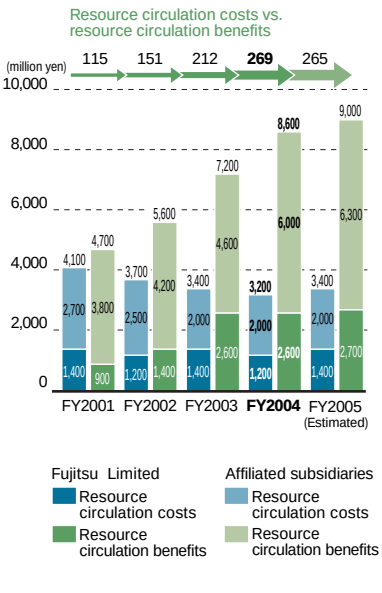
An analysis of the fiscal 2004 environmental accounting results reveals that resource circulation benefits increased. More generally, costs decreased while benefits increased substantially, so the cost/benefit picture has improved. Benefits from reductions in chemical substances made up the majority of benefits recorded, but through the advance of Green Process activities at our assembly plant locations, we expect benefits to increase due to cuts in direct materials.

We will continue to clearly present actualized benefits from our Green Process activities using environmental accounting. We will disclose these actualized benefits as public information, authenticated by third-party certification.

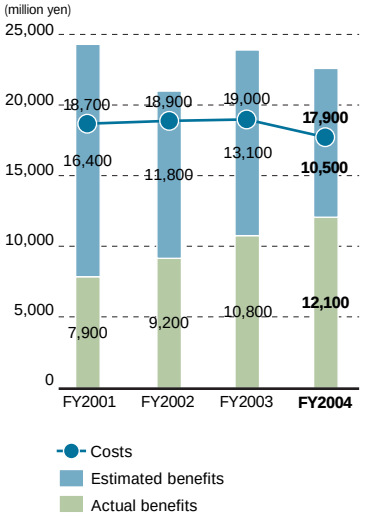
Chemical Substance Reduction Benefits at Mie Plant



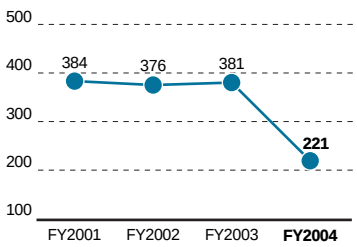
Fujitsu Group Resource Circulation Benefits



Trends in Costs and Economic Benefits



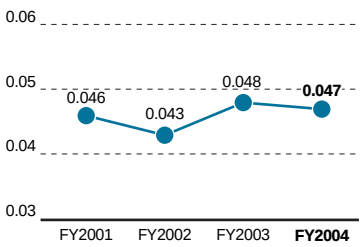
EI Indicator (Fujitsu Limited)



Environmental Improvement (EI) Indicator

A measure of the environmental burden reduction effect per unit cost (unit: ton-CO_2/¥100 million). The EI indicator shows the effect of monetary expenditures (here, ¥100 million) on environmental measures in terms of the consequent reduction in the environmental burden as measured by the weight of CO_2.

EE Indicator (Fujitsu Limited)



Environmental Efficiency (EE) Indicator

A measure of total sales relative to the environmental burden (unit: ¥100 million/ton-CO_2). The EE indicator shows the value added in terms of sales by reduction of the environmental burden. It permits evaluation of the environmental burden resulting directly from business activities.