

# Environmental Accounting

In order to pursue activities and programs for environmental protection in an effective and efficient manner, Oki has been promoting activities to establish an environmental accounting system since FY1999.

A program was initiated in FY1999, to place the company in an implementation testing phase for environmental accounting. A system implemented at Oki Electric, as well as at three group companies that are responsible for producing a relatively large impact on the environment .

Fiscal year 1999 was also the year that newly established "Oki Eco Plan 21" was launched, involving the entire Oki group. The environmental protection cost for the year was JY280 million for facility investments and JY2.7 billion for expenses.

The environmental protection activities resulted in a 2.8% reduction of carbon dioxide emissions (a 2.0% reduction was targeted) compared to the previous year and a reduction in the final processing of waste materials of 54% (targeted for 30%) compared to the previous year, surpassing the previously set targets. The actual economic effect of all environmental protection measures totaled JY470 million.

## 1. Summary of past activities

Oki has been collecting data on energy consumption, waste disposal and other environmental impact-related information, to use for their environmental protection programs and activities. In order to respond to the Guidelines Concerning the Environmental Protection Cost Awareness and Information Disclosure, published by the Environment Agency in March 1999, a specialized committee was created with environmental protection and related accounting departments as the core members, to establish an environmental accounting system, so that the company can be fully aware of environmental protection costs and effects.

## 2. Purpose of implementing the environmental accounting system

- (1) To clearly understand the cost and effect of environmental protection activities, as well as the promotion of environmental improvement activities and effective environmental investments.
- (2) To promote the understanding of the company's stance for the environment by disclosing the environmental accounting information.

## 3. Fundamental approach for the FY1999 accounting

- (1) Establishment of the environmental accounting system, based on the existing environmental management system (ISO14001).
- (2) Compliance with the guidelines published by the Environment Agency (FY1999 issue) for environmental costs.
- (3) Understand the effects based on both the environmental protection effects (amount of improvements made to the environmental impact) and the economic effects.
- (4) R&D costs are mainly limited to those activities relative to the eco-friendly products and the environmental impact reduction for production processes.

## 4. Scope of accounting

Oki Electric and three Oki group companies (Miyazaki Oki Electric Co., Ltd. , Miyagi Oki Electric Co., Ltd. , and Oki Data Corp.)

## 5. Fundamental approach for the future

- (1) The scope of the environmental accounting will be expanded sequentially to include other Oki group companies, including those overseas.
- (2) Revisions will be made in accordance with Guidelines for the Implementation of the Environmental Accounting System (FY2000 issue) published in May 2000, by the Environment Agency.

## Fiscal 1999 Environmental Accounting Records

Accounting period: April 1, 1999 through March 31, 2000.

### (1) Environmental protection cost totals

(unit: JY million)

Classification	Details of main programs and activities	Total cost
Cost for reducing the direct impact to the environment	Management and maintenance of environmental activities related facilities, depreciations, etc.	2,160
Cost for management related to environmental activities	Environmental management system operation costs, etc.	350
Recycling costs for used products	Collection and recycling costs of used products	70
Research and development	Product and production process for environmental impact reduction R&D costs	30
Costs of affiliated companies' environmental activities	Environmental improvement programs/activities (e.g. greening and local community contribution activities, environmental reporting)	90
<b>TOTAL</b>		<b>2,700</b>

### (2) Environmental protection effects

Environmental impact index	Details of main activities	Impact (total)	Reduction
CO <sub>2</sub> emissions (t-C)	Reduction of energy consumption	71,509	2,072
Final waste processing (t)	Reduction of waste disposal, etc.	968	1,156

### (3) Actual cost effect of the environmental protection measures

(unit: JY million)

Environmental impact index	Details of main activities	Effect amount
Cost reduction effects	Reduction of electrical power, crude oil and gas usage, as well as waste disposal costs and resource costs due to recycling	440
Direct income effect	Sales of useful assets	30
<b>TOTAL</b>		<b>470</b>

#### • Conditions of accounting

- (1) The depreciation costs of invested facilities are calculated by using the straight-line method for a period of three years. The effects resulting from these facilities are calculated for the three years only.
- (2) The personnel expenses are calculated by prorating the personnel costs for the amount of time spent on the environmental protection activities.
- (3) Environmental protection effects are calculated by obtaining the amount of environmental impact that has reduced in the production operations.
- (4) A portion of the accounting includes figures related to affiliated companies which are located within the sites within the scope of the accounting, which are participating in the environmental impact management.