

Environmental Accounting

To pursue environmental conservation activities in an effective and efficient manner, Oki Electric has been conducting environmental accounting since 1999.

1 Fiscal 2002 Environmental Accounting Records

In fiscal 2002, two companies were added to the consolidated group in Japan, and all 22 companies (32 sites) including Oki Electric and overseas affiliates completed the implementation of the system. The results of the 2002 environmental accounting are presented below.

- Environmental protection costs amounted to JY100 million in investments and JY2.83 billion in expenses.
- Environmental protection effects included a 75% reduction compared to 2001 in the quantity of finally processed wastes through the expansion of sites that conduct zero-emission activities. CO₂ emissions remained almost unchanged, being reduced by 0.8% of those for the previous year.
- The substantial effect within the economic effects achieved with environmental protection measures was JY700 million.

■ Environmental Protection Costs

□ Investment: JY100 million (Previous year: 330 million)

(Unit: JY million)

Category	Breakdown (main items)	Investment amount
Operational investments	Investments to prevent pollution (additional wastewater treatment facilities and equipment to treat exhaust gases)	30
	Investments for global environment conservation (low-power air conditioners, electric load control equipment)	30
	Investments for resource recycling (equipment to recover industrial water, to recycle used solder)	20
R&D investments	Investments to control environmental impacts in production phase (development of lead-free soldering technology)	20

□ Expenses: JY2.83 billion (Previous year: 3.19 billion)

(Unit: JY million)

Category	Breakdown (main items)	Investment amount
Operational costs	Maintenance and depreciation costs for environment-related facilities	1940
Pre and post operational costs	Costs for green purchasing and collection/recycling of used products	210
Management activity costs	Environmental management/operation costs, environmental report preparation cost	570
R&D costs	Costs for research and development for reducing environmental impact of products and production processes	100
Social and community activity costs	Environmental improvement costs for greening and community activities	2
Other costs	Money transfers to reserves to respond to environmental damages	10

■ Effects Concerning Environmental Protection Measures

□ Environmental protection effects

Environmental impact index	Breakdown (main items)	Impact (total)	Difference from previous year
CO ₂ emissions (1,000 tons-CO ₂)	Reduction of energy consumption	297	Reduced by 2.4
Final waste processing (tons)	Reduction of waste disposal	77	Reduced by 231

□ Substantial effect of costs achieved with environmental protection measures: JY700 million (Previous year: 1,040 million)

(Unit: JY million)

Cost reduction effect	Breakdown (main items)	Amount of effect	
Category	Effect from energy and resource conservation	Reduction of consumption of electric power/heavy oil/paper in operation activities	540
	Effect from reduction of processing costs	Reduction of wastes through recycling in operation activities	30
Direct income effect		Sale of valuables from industrial wastes in operation activities	120
		Sale of valuables from end-of-life products	10

⟨Accounting period⟩ April 1, 2002 - March 31, 2003

⟨Accounting conditions⟩ (1) Starting this year, the calculation standards changed to being based on the "Environmental Accounting Guidelines (2002 Edition)", published by the Ministry of the Environment.

(2) A portion of the accounting includes figures relating to affiliated companies located within sites that participated in the environmental impact management.

(3) In the case of costs where environmental protection costs overlap with other costs, only the portion of the costs related to environmental protection is counted.

(4) The depreciation cost of investments is calculated using the fixed installment method for a period of three years.

The substantial effects achieved with these investments are calculated for three years, in line with the depreciation period.

(5) Personnel costs are calculated by prorating the personnel costs for the total time spent on environmental conservation activities.

(6) The environmental protection effect sums up the environmental impact reductions of production activities.