



Environmental Management

Environmental Accounting

Oki Electric introduced environmental accounting in fiscal 1999 in order to grasp the efforts of environmental conservation activities on from a cost-effect perspective to pursue its activities in an effective and efficient manner.

Fiscal 2003 Environmental Accounting Records

In fiscal 2003, two manufacturing-related group companies in China (Oki Electric Industry (Shenzhen) Co., Ltd. and Changzhou OKI-GEG Telecoms Ltd.) were added to the scope of environmental accounting. We completed the introduction of the system to Oki Electric and 24 group companies (31 sites, including overseas group companies), with the system now covering almost 100% of the manufacturing and sales sections in terms of turnover. The characteristics of environmental accounting in fiscal 2003 were as follows. The numbers shown in brackets are values for fiscal 2002.

For concrete efforts, please refer to the pages shown in the table and to page 36. Page 36 presents separate data for Oki Electric and each individual group company in and outside of Japan.

- Investments quadrupled compared to fiscal 2002, amounting to 415 million yen (98 million yen) due to the installation of equipment to respond to lead-free solder.
- Costs stayed roughly the same at 2,974 million yen (2,831 million yen).
- The economical effect amounted to 38 million yen (694 million yen). With the increase of the quantity of products shipped, more packaging material was purchased, and the plants consumed more electric power, so that the economical effect shrunk.
- As for the environmental conservation effect, CO₂ emissions slightly increased due to the increase in production, and the quantities of final waste processing slightly decreased due to continued zero-emissions activities.

Environmental Conservation Costs

◇ Investments / Costs

(Unit: million yen)

Category	Key Activity	Investment	Costs	See page
Business area cost	*Pollution prevention cost	104 (33)	1,120 (1,066)	21
	*Global environmental conservation cost	137 (26)	327 (247)	24
	*Resource recycling cost	28 (19)	593 (627)	21, 25, 26
	Sub-total	269 (78)	2,040 (1,940)	—
Upstream/downstream cost	Cost for green procurement (chemical substance surveys), costs for the remodeling of the aggregation system for chemical substances contained in products	20 (0)	118 (213)	13-18
Administration cost	Cost for acquiring certification, and for maintaining and management the environmental management system	0 (0)	693 (565)	09-11, 28
R&D cost	Investments into equipment to shift to lead-free soldering, costs for research and development on lead-free soldering	126 (20)	113 (97)	05, 16, 27
Social activity cost	Cost for the greening of plants, costs for social contribution activities	0 (0)	1 (2)	30-34
Other cost	Cost for reserves to respond to environmental damages	0 (0)	9 (14)	28
	Total	415 (98)	2,974 (2,831)	—

Environmental Conservation Benefit

◇ Economical Benefit

(Unit: million yen)

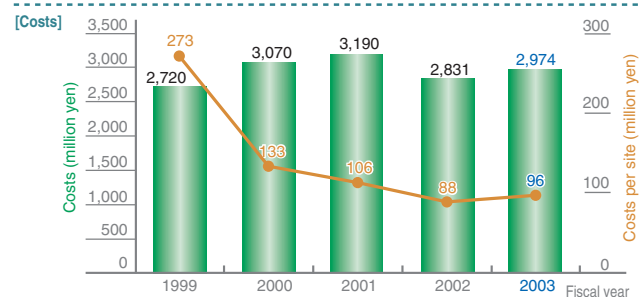
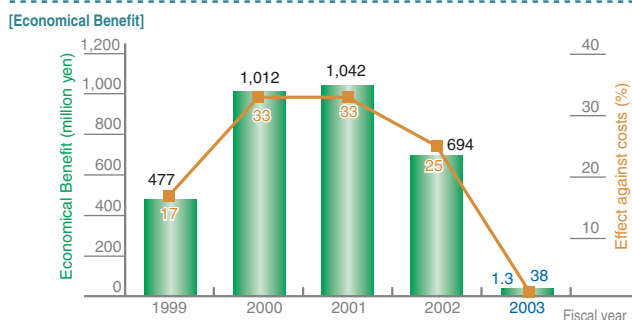
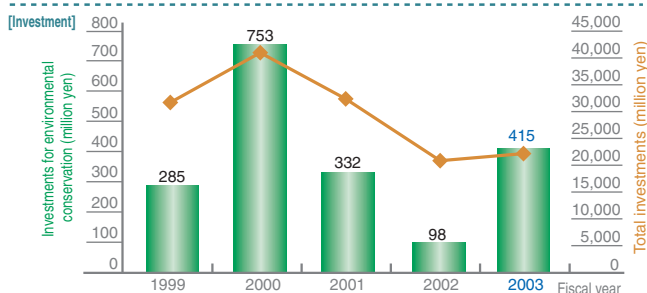
Category	Key Activity	Amount of effect	See page
Cost reduction benefit	Benefit from energy and resource conservation	-130 (539)	24, 26, 29
	Benefit from reduction of processing costs	5 (25)	25, 26
Expense saving benefit	Sale of valuable waste generated in business activities	151 (116)	25, 26
	Sale of valuables from end-of-life products	12 (14)	17, 18
	Total	38 (694)	—

◇ Environmental Conservation Benefit

Environmental impact index	Impact	See page	
CO ₂ emissions (Thousand tons-CO ₂)	303 (297)	24	
Waste emissions	Final waste processing (tons)	72 (77)	25

Transition of Environmental Accounting

Five years have passed since Oki started environmental accounting. The graphs below show the transition in investments, costs and economical effects.



〈Accounting Period〉

April 1, 2003—March 31, 2004

〈Accounting Conditions〉

- (1) The calculation standards are 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 conservation costs overlap with other costs, only the portion of the costs related to environmental conservation was counted.
- (4) The depreciation cost of investments was calculated using the fixed installment method for a period of three years.
The economical effects achieved with these investments were calculated for three years, in line with the depreciation period.
- (5) Personnel costs were calculated by prorating the personnel costs for the total time spent on environmental conservation activities.

