

Environmental Accounting

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Environmental or "green" accounting provides a framework for quantitatively evaluating the economic effects associated with a corporation's environmental preservation costs and measures, and is an important management indicator for the effective and continual promotion of environmental preservation activities.

At Yamatake, we have introduced a trial environmental accounting system based on our fiscal 1999 results, and provide details of this system in the Environmental Report. Further, in recognizing the need for a group-wide accounting system for environmental preservation activities, in fiscal 2001 we established a new Environmental Accounting Subcommittee to improve and standardize our environmental accounting procedures. The role of the subcommittee is to revise our existing trial environmental accounting system for more rational decision-making based on a method of environmental accounting that includes environmental impact.

· Data regarding environmental costs has been compiled in compliance with the environmental preservation cost-oriented model outlined in the Environmental Accounting Guidebook (2002 edition) published by the Ministry of the Environment.

· The model used is for calculating the cost and effect of reduction activities for production-related environmental impact. The cost and effect of environment-related business operations and environmentally friendly products and services were not calculated.

· Total figures for fiscal years in which capital investments were made do not include cost depreciation calculations.

· Actual cost savings achieved through energy conservation activities do not include equivalency effects.

Cost of Environmental Preservation

- Scope: Fujisawa factory, Shonan factory, Isehara factory
- Period: April 1, 2001 to March 31, 2002

(Unit: Millions of yen)

Category	Main activities	Investment	Cost
1 Costs incurred within the business area as a result of controlling the environmental impact of principle business activities (business area costs)	① Pollution prevention costs Activities that prevent air pollution, water pollution, etc.	0.0	70.2
	② Global environmental costs Energy conservation activities, etc.	156.7	23.9
	③ Resource circulation costs Waste recycling, processing, disposal, etc.	17.4	29.3
	Total of above three items	174.1	123.4
2 Costs incurred as a result of controlling upstream and downstream environmental impact related to principle business activities (upstream and downstream costs)	—	0.0	0.0
3 Costs related to management activities (management activity costs)	ISO14001 renewal, disclosure of environmental information, environmental advertising, environmental education, greenification and clean-up of operating bases, etc.	0.0	109.4
4 Costs related to R&D activities (R&D costs)	R&D for environmental software, etc.	0.0	80.7
5 Costs related to social activities (social activities costs)	Cleaning of rivers and beaches, etc.	0.0	0.3
6 Costs incurred as a result of correcting environmental damage (environmental damage costs)	—	0.0	0.0
Total cost		174.1	313.8

Economic Benefits of Environmental Preservation (Unit: Million yen)

Category	Amount
Income from recycling	3.4
Cost reduction due to energy conservation	19.2
Cost reduction due to reduced water consumption	5.8
Total cost	28.4