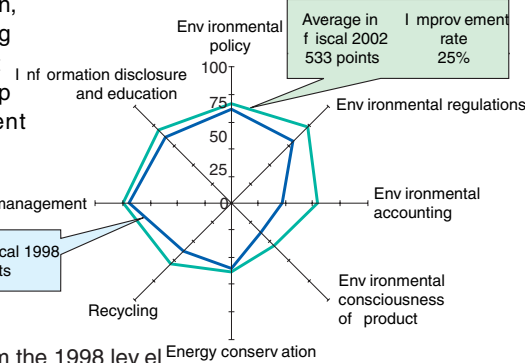


6 Environment Management

1 GREEN 21 operation

We have implemented our GREEN 21 operation in step with the environmental action project of the Hitachi group. In this operation, we voluntarily evaluate each of our environmental activities using specified evaluation standards to promote continuous improvement in each activity and enhance the overall level of improvement. Top executives can use the evaluation results for more efficient environment management. This operation is strongly supportive of corporate activities that are in harmony with the environment.

- Evaluation target : 43 items in 8 categories
- Calculation method : The perfect score in each category is 100 points, and the total perfect score in the 8 categories is 800 points. (Green point [GP] system)
- Objective : To increase the GP in fiscal 2001 by 21% from the 1998 level



■ Evaluation items (43 items in 8 categories)

No	Category	Main evaluation item
1	Environmental policy	Degree of development, mechanism of implementation, consistency, and thoroughness of environmental policy
2	Environmental regulations	Arrangement and management of regulation lists and voluntary standards and sufficiency of legally qualified persons
3	Environmental accounting	Capital investment, expenditure, and management process
4	Environmental consciousness of product	Implementation of product assessment and the green procurement plan
5	Energy conservation	Rate of improvement in energy conservation, amount of conserved energy, and coverage of measurement
6	Recycling	Recycling and proper disposal of waste at the factory, and collection and recycling of used products
7	Chemical management	Preliminary review system for new chemicals, PRTR, chemical reduction plan, and chemical abolishment plan
8	Information disclosure and education	External disclosure of information, internal and external awards, community programs, and education

Parts of this page are quoted from the Report on the Environment 2002 issued by the Hitachi group.

- **Result report** The final target year for the GREEN 21 operation was fiscal 2001. We showed 25% increase in GP even though our original target was only 21%. We will prepare the second version of the GREEN 21 operation and continue to reinforce our environmental activities.

2 Environmental accounting

■ Costs

Item	Cost (in million yen)		Main content
	Fiscal 2000	Fiscal 2001	
1. Costs within the factory area	199.0	134.6	Costs for maintenance and management of environmental load reduction facilities
2. Upstream and downstream costs	0.1	0.1	Costs for green procurement and recycling
3. Management activity costs	126.6	137.9	Personnel expenditures for environment management and maintenance costs for environment management system
4. Research and development costs	19.4	348.3	Costs for research, development, and design of products that reduce the environmental load
5. Social activity costs	33.5	4.1	Costs for environment improvements (e.g., greening and landscaping), PR, and publicity
6. Costs related to environmental damage	52.9	0	Environment-related compensation, contributory money, and surcharges
Total cost	378.6	625.0	
Total investment	81.6	64.6	

■ Effects

Item	Value of effect (in million yen)		Main content
	Fiscal 2000	Fiscal 2001	
1. Effect on real income	1.8	0.8	Profit on sale of recycled waste, etc.
2. Expenditure reduction	7.7	1.4	Power cost reduction due to energy conservation, etc.
3. Material cost reduction	0.8	59.1	Resource cost reduction due to resource saving, etc.
Total	17.9	61.3	

- **Result report** Compared with fiscal 2000, the total cost in fiscal 2001 increased by 65% and the economic effect in fiscal 2001 increased by 242%. We will strive to construct an environmental accounting system that can be effectively used for internal management to further improve cost effectiveness.

7 Communication with Local Communities

For harmonious coexistence with local communities, our factories are cooperating with local governments and organizations in various social action programs, including various natural environment conservation activities.

Volunteer activities for environmental education (Chitose factory in Hokkaido)

○ Nature observation instructors

Employees who are qualified as nature observation instructors by the Nature Conservation Society of Japan are hosting nature hikes and educational campaigns for nature conservation. On these hikes, the instructors guide local people around fields and wild areas so they can learn about the natural environment in which they live.



○ Leaders for juvenile nature-based experience programs

Employees who have completed the training course for the Leaders for Juvenile Nature-Based Experience Programs held by the Board of Education of Hokkaido and have qualified as leaders are working as instructors in camping schools and other programs in liaison with local boards of education.



Paper recycling activity in cooperation with the Toyama Used-Paper Recycling Circle (Toyama factory)



Support of traditional local events (Toyama factory)



YAGI football club wins the Saitama Prefectural Governor's Cup Five Aside (Futsal) Tournament (Omiya factory)

