

## 1 GREEN 21 operation (Ver. 2)

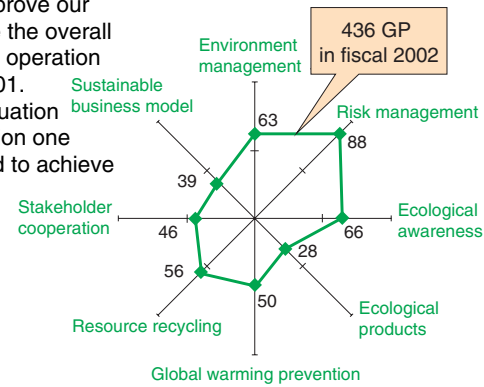
The GREEN 21 operation was started in fiscal 1999 to continuously improve our environmental activities as a member of the Hitachi group and enhance the overall level of the activities based on the specified evaluation standards. This operation has fulfilled its purpose and has achieved the objective set for fiscal 2001. Continuing from fiscal 2002, we have started a new environmental evaluation standard called GREEN 21 Ver.2, which has raised the level of evaluation one step higher. The GREEN 21 Ver.2 operation is now being implemented to achieve the objective set for fiscal 2005.

● Calculation method: The perfect score in each category is 100 points, and the total perfect score for all 8 categories is 800 points. (GP: Green point)

● Objective:

Fiscal year	2002	2003	2004	2005
Green point	436	426	533	640

Note: Actual values for fiscal 2002



### Evaluation items (53 items in 8 categories)

No	Category	Main evaluation item
1	Environment management	Environment management, environment activity planning, and environmental accounting
2	Risk management	Strict observance of laws and ordinances, setting of independent standards, strict observance of independent standards
3	Ecological awareness	General training of employees, specialized training, education, and training of internal monitors
4	Ecological products	Creating environment-friendly products, and planning and achieving green procurement
5	Global warming prevention	Achieving energy conservation
6	Resource recycling	Reducing waste production and managing chemicals
7	Stakeholder cooperation	Information disclosure, communication activities, and community activities
8	Sustainable business model	System planning, collection of products, recycling, and environmental recovery activities

■ **Result report** In fiscal 2002, which is the benchmark year, we reached 436 green points. The ecological products received a low evaluation due to a delay in green procurement, although their environment-friendly design was promoted. We will promote continuous improvement of this and other items.

## 2 Environmental accounting

### Costs

	Item	Cost (in million yen)		Main content
		Fiscal 2001	Fiscal 2002	
Cost	1. Costs within the factory area	134.6	144.3	Costs for maintenance and management of environmental load reduction facilities
	2. Upstream and downstream costs	0.1	0.3	Costs for green procurement and recycling
	3. Management activity costs	137.9	104.8	Personnel expenditures for environment management and maintenance costs for environment management system
	4. Research and development costs	348.3	447.3	Costs for research, development, and design of products that reduce the environmental load
	5. Social activity costs	4.1	3.9	Costs for environment improvements (e.g., greening and landscaping), PR, and publicity
	6. Costs related to environmental damage	0	0.2	Environment-related compensation, contributory money, and surcharges
	<b>Total cost</b>	<b>625.0</b>	<b>700.8</b>	
	<b>Total investment</b>	<b>64.6</b>	<b>254.6</b>	Investments for direct environmental load reduction facilities (e.g., energy conservation facilities)

### Effects

	Item	Value of effect (in million yen)		Main content
		Fiscal 2001	Fiscal 2002	
Economic effect	1. Effect on real income	0.8	0.4	Profit on sale of recycled waste, etc.
	2. Expenditure reduction	1.4	1.9	Power cost reduction due to energy conservation, etc.
	3. Material cost reduction	59.1	52.0	Resource cost reduction due to resource saving, etc.
	<b>Total</b>	<b>61.3</b>	<b>54.3</b>	

■ **Result report** Compared with fiscal 2001, the total cost in fiscal 2002 increased by 12% due to the development cost of environment-friendly products. On the other hand, the economic effect decreased by 11% because resource saving did not lead to a reduction of resource costs. Nevertheless, we will strive to promote our activities in environmental accounting to achieve greater improvements in the environment.

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

#### ○ 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 nature-based youth experience programs

Employees who have completed the training course for the Leaders for Nature-Based Youth 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.



Event held at a Jomon-period archeological site where local residents prepared salmon for a feast using stone implements they made from obsidian.



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



Support of traditional local events



Awarded the first prize at the self-defense fire-fighting team operation competition

