

Evaluation of Environmental Activities

We monitor and analyze environmental activities based on quantitative evaluation criteria in order to improve the level of environmental management, reduce environmental risk, and promote the efficiency of environmental investment and environmental activities.

GREEN 21 Operation (Version 2) and Evaluation in FY 2005

The Green 21 operation works to continuously improve the environmental activities and to enhance them, based on certain evaluation criteria. We evaluate items in 8 categories on a scale of 100 green points (GP) as the full mark, with a maximum total of 800 GP.

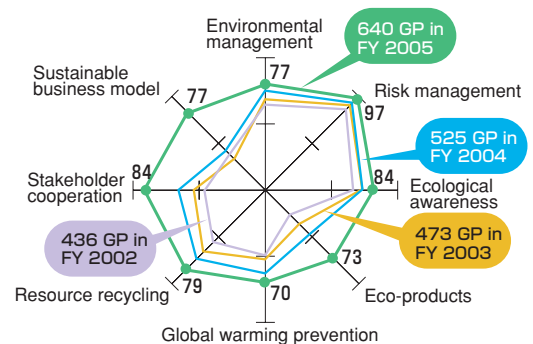
○Results report

The overall evaluation is higher than that of last fiscal year by 115 GP, resulting in a total of 640 GP and reaching our target. We have obtained significant higher points in the ecological products and sustainable business model categories especially because of promoting environment-friendly products.

■GREEN 21 evaluation items

No	Category	Main evaluation items
1	Environmental management	Environmental management, environmental planning, environmental accounting
2	Risk management	Strict observance of laws and regulations, establishment of voluntary standards
3	Ecological awareness	Employee education
4	Ecological products	Assessment of products and services, green procurement, distribution management
5	Global warming prevention	Energy conservation at business institutions, CO ₂ reduction
6	Resource recycling	Waste reduction, management of chemicals
7	Stakeholder cooperation	Information disclosure, communication, community activities
8	Sustainable business model	Systems and plans, recovery and recycle of products, environmental restoration

■Targets and evaluation results of green points



Environmental Accounting

Based on Hitachi Environmental Accounting Guidelines, we quantitatively assess costs and effects related to environmental activities. As for costs, in addition to the capital investment connected with environmental activities, also counted are research and development costs as well as operation and administration costs of maintenance equipment. As for effects, we compute economic effects recognized by a firmly substantiated basis.

○Results report

The total cost of FY 2005 increased by 45% compared to FY 2004 due to increase of R&D and designing of eco-products. The environmental investment increased remarkably because of investment for pollution prevention and in energy-saving facilities. Regarding the item of material cost reduction from resource saving design, the economic effects notably decreased compared to FY 2004. We will continue our efforts to save resources. We will attempt to improve investment effectiveness by referring environmental accounting as a tool for continuous improvement.

■Costs

	Item	Cost (in millions of yen)			Main contents
		FY 2003	FY 2004	FY 2005	
Cost	1.Costs within factory areas	153.1	178.3	180.6	Costs for maintenance and management of environmental load reduction facilities
	2.Upstream and downstream costs	0.3	0.3	0.3	Costs for green procurement and recycling
	3.Management activity costs	76.3	81.2	76.8	Personnel expenditures for environmental management, maintenance costs for environmental management system
	4.R&D costs	3803.8	2165.2	3267.3	Costs for R&D and design of products to reduce environmental loads
	5.Social activity costs	1.7	2.1	3.0	Costs for environment improvements such as greening and landscaping, PR, and publicity
	6.Costs related to environmental damage	0.2	0.2	0	Environment-related compensation, contributory money, and surcharges
	Total cost	4035.4	2427.3	3528.1	
	Total investment	63.7	51.5	169.2	Investments in direct environmental load reduction facilities such as energy conservation facilities

■Economic effect

	Item	Effect value (in millions of yen)			Main contents
		FY 2003	FY 2004	FY 2005	
Economic effect	1.Effect on real income	1.0	1.0	4.3	Profit on sale of recycled waste, etc.
	2.Expenditure reduction	3.4	4.8	6.2	Power cost reduction due to energy conservation
	3.Material cost reduction	43.0	39.0	4.0	Resource cost reduction due to resource conservation
	Total amount	47.4	44.8	14.5	