

Evaluation of Environmental Activities

By setting quantitative assessment standards for environmental activities, and monitoring and analyzing such activities, we are working to upgrade environmental management and reduce environmental risks.

Evaluation results of fiscal 2010 for "GREEN21"

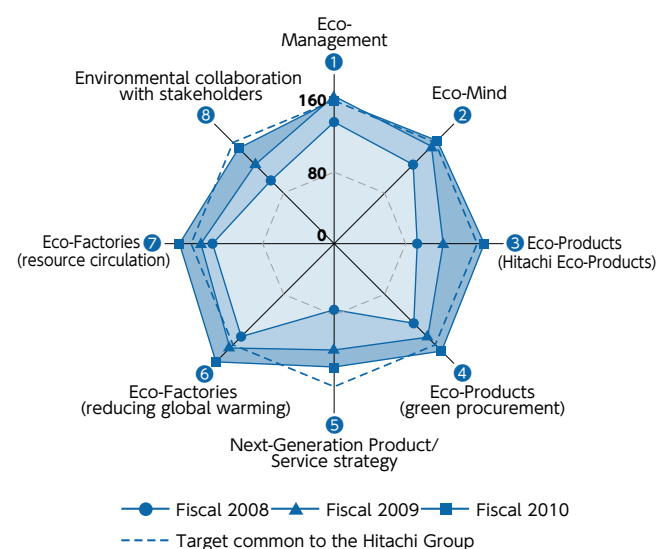
The Hitachi Group implements its self-evaluation system for "GREEN21" environmental activities, in order to carry out its environmental action plan securely, make continuous improvements, and upgrade its activity level. GREEN21 is a mechanism for quantitatively evaluating the degree to which the targets for environmental activities were achieved by a specific entity for each fiscal year, visualizing the results by radar chart, and reflecting the evaluation findings in subsequent environmental activities.

The system of evaluation consists of 55 items from eight categories, and is used to monitor the weaknesses in an activity and make improvements for the next fiscal year. Our result for fiscal 2010 was 1,311 GP (green points) as compared to 1,280 GP—the target common to the Hitachi Group. Expansion of eco-friendly products improved evaluation of Eco-Products.

GREEN 21 evaluation items

Category	Evaluation item for each category
① Eco-Management	Action plan, environmental accounting, risk management, compliance
② Eco-Mind	Education for employees (general education, professional education, auditor education)
③ Eco-Products (Hitachi Eco-Products)	Eco-design management system, Hitachi Eco-Products and management of chemical substances contained in products
④ Eco-Products (green procurement)	Green procurement, green purchase
⑤ Next-Generation Product/Service Strategy	Eco-products business strategy, sustainable business, external publicity
⑥ Eco-Factories (reducing global warming)	Business and product strategy, sustainable business and external advertisement
⑦ Eco-Factories (resource circulation)	Waste reducing and chemical substance management
⑧ Environmental collaboration with stakeholders	Information disclosure, communication activity and global citizen activity

Green point



Environmental Accounting

According to the Hitachi Environmental Accounting Guidelines, our environmental conservation cost was defined as investments and expenses related to environment. The environmental conservation effects were determined based on profits from the sales of recycled items, reductions in procurements, etc. Fiscal 2010 saw a decline in investments in energy-saving equipment and curtailed research and development costs, resulting in lower effects as well.

Costs (in millions of yen)

Item	FY 2008	FY 2009	FY 2010	Overview
Business area costs	175.3	188.1	197.0	Costs of maintenance of equipment with low environmental burden, depreciation, etc.
Upstream/downstream costs	0.4	0.1	0.2	Costs for green procurement and recycling
Management activity costs	72.3	75.9	67.3	Personnel expenditures for environmental management, maintenance costs for environmental management system
Research and development costs	188.6	310.8	166.7	R&D for the reduction of environmental burden caused by products and production processes, product design expenses
Social activity costs	2.1	1.7	2.0	Environmental improvements such as afforestation and beautification, PR, and publicity expenses
Environmental damage costs	0	0	0	Environment-related measures, contributions, and levies
Total	438.7	576.7	433.1	—

Investments (in millions of yen)

Item	FY 2008	FY 2009	FY 2010	Overview
Investments in environmental conservation	64.4	42.3	9.2	Direct investments in environmental load reduction facilities such as energy conservation facilities

Economic effects (in millions of yen)

Item	FY 2008	FY 2009	FY 2010	Overview
Net income effects	28.3	2.2	8.3	Profit on sale of recycled waste, etc.
Expenditure reduction	58.1	85.9	10.0	Cost-saving effects, etc. by saving energy
Material cost reduction	340.4	1,485.4	77.5	Reducing materials and parts expenses, etc. by resource-saving design, etc.
Total	426.4	1,573.5	95.8	—

Control of chemical substances contained in products

Our group investigates and controls chemical substances contained in parts and other materials that constitute our products.

We ask our business partners' continuous cooperation on surveys by using AIS*2 and MSDSplus*3 (i.e., detailed descriptive formats for chemical substances contained) as pertaining to products for the REACH Regulation*1 and other standards.

*1: REACH Regulation: EU regulation on "Registration, Evaluation, Authorisation and Restriction of Chemicals."

*2: AIS: An information transmission sheet for conveying information about chemical substances contained in products.

*3: MSDSplus: An information transmission sheet for conveying information about chemical substances contained in materials and similar things.