

# Environmental Accounting

“Environmental accounting” is a tool for ascertaining the cost and effect of a company’s environmental activities for use within the company’s routine operations. At the TEL Group, we have decided to adopt an environmental accounting system to quantitatively ascertain the costs associated with our environmental conservation activities and utilize them as gauges of corporate activities.

Fiscal year 2000 marked the second year since the introduction of our environmental accounting system. Following up on the experiences of fiscal year 1999, when the system was run on a trial basis, we attempted to extend the scope of the tabulation of environmental accounting data. We intend to maintain these sorts of environmental conservation activities in the future as well.

## ■ Fiscal Year 2000 Results

Our fiscal year 2000 environmental costs (investment amount and expense amount) are tabulated below. The numbers apply to TEL Group domestic plants. Costs for the depreciation of capital equipment cover purchases made since fiscal year 1999.

In fiscal year 1999, environmental costs included business area cost, management activity costs, and social activity costs. In fiscal year 2000, an effort was made to include all costs associated with environmental conservation. However, it should be noted that results for upstream/downstream costs are based mainly on branch office information, while research and development costs represent costs associated with some equipment only.

## ■ Future Issues

We aim to provide even more accurate environmental conservation costs in the future. Further consideration needs to be given to calculating upstream/downstream costs and research and development costs. Furthermore, from the standpoint of the effective utilization of management resources, it is also necessary to quantify improvements in environmental performance and to ascertain their costs and effects. We plan to formulate an approach to ascertaining results and to undertake to quantify results in monetary terms based on this approach.

## ■ TEL Group’s Environmental Costs

(FY2000 results in thousands of yen)

Environmental Preservation Cost Classifications		Main Activities	Investment amount	Expense amount
1. Business area cost			408,264	545,705
Itemization	1.1 Pollution prevention costs	air pollution, water pollution, soil contamination, etc.	142,430	154,066
	1.2 Global environmental costs	climate change prevention, ozone layer depletion prevention, etc.	165,991	70,888
	1.3 Resource circulation costs	efficient use of resource, waste reduction, etc.	99,843	320,751
2. Upstream/downstream costs		green purchasing, green procurement, etc.	0	21,441
3. Management activity costs		environmental education, monitoring and measuring environmental impacts, etc.	432	112,966
4. Research and development costs		product R&D, etc.	0	2,447
5. Social activity costs		green purchasing, green procurement, etc.	6,500	44,148
6. Environmental damage costs		repairing damage to the natural environment, and the like.	0	0
7. Other costs		others	0	0
Total			415,196	726,707

\*Environmental costs include the total amounts for all ascertained costs

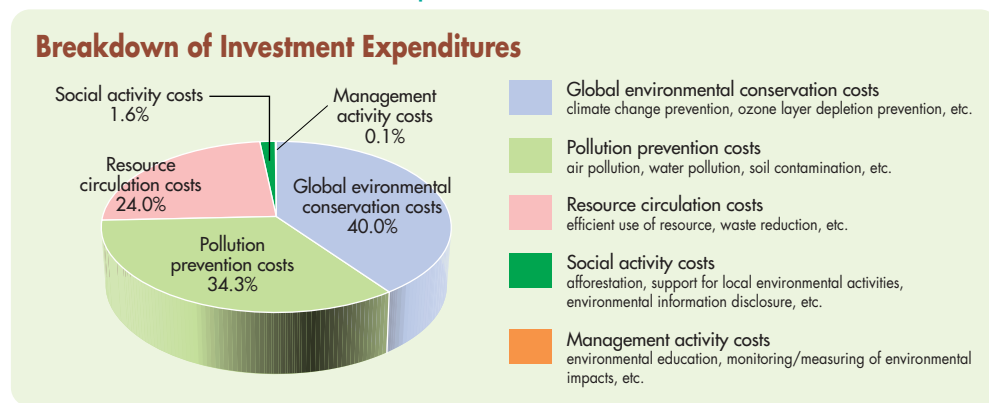


## Major Environmental Costs

Below are several examples of the TEL Group's major environmental costs.

- Business area cost:
  - (1) Pollution prevention costs: installation of abatement equipment, wastewater neutralization equipment maintenance expenses, and the like
  - (2) Global environmental costs: installation of equipment for removing chlorofluorocarbons, and the like
  - (3) Resource circulation costs: installation of kitchen garbage-disposal equipment, expenses involved in reducing and disposing waste, and the like
- Upstream/downstream costs: hybrid car lease and maintenance costs, purchase of environmentally-friendly products, and the like
- Management activity costs: environmental measurement expenses for air/water pollution, soil contamination, etc., environmental education expenses, and the like
- Research and development costs: research and development aimed at reducing environmental impact of cleaning systems, and the like
- Social activity costs: afforestation expenses, and the like

## Breakdown of Investment Expenditures



## Breakdown of Expenses

