

**【Environmental Accounting】**

Environmental accounting is a tool for managing investments and costs related to protecting the environment to improve the efficiency of environmental management.

**Basis for environmental accounting calculations**

Scope: Fukusaki Factory, offices (Head Office building, Tokyo Nihonbashi Building, Aoyama Office, sales sites)

Period: April 1, 2017 to March 31, 2018

Standards: Environmental Accounting Guidelines, 2005, issued by the Ministry of the Environment

**■Environmental Protection Costs**

Unit: 1,000 yen

Classification	Key Activity	Investment					Cost					
		2013	2014	2015	2016	2017	2013	2014	2015	2016	2017	
1 Business Area Costs		52,350	29,304	48,214	114,160	76,830	279,090	277,763	226,993	229,340	263,995	
Itemization	1. Pollution prevention	Air pollution prevention, water pollution prevention, etc.	46,182	1,150	30,075	5,855	8,400	62,417	51,847	36,149	34,588	31,760
	2. Global environmental protection	Energy conservation, power reductions	6,168	28,154	17,939	28,575	68,430	30,470	36,388	24,692	40,396	53,121
	3. Resource recycling	Resource conservation, waste treatment, recycling	0	0	200	79,730	0	186,203	189,528	166,153	154,356	179,114
2 Upstream/Downstream Costs	Measures to comply with Containers and Packaging Recycling Act	0	0	0	0	0	96,621	99,994	93,563	99,240	87,161	
3 Administration Costs	Environmental management, ISO implementation, environmental education, tree planting, website	0	0	0	1,231	99	35,542	34,872	58,484	53,813	53,559	
4 R&D Costs	Eco-friendly products, 3R product development, R&D	4,200	3,650	2,880	4,100	0	21,193	32,840	57,785	70,472	173,034	
5 Social Activities Costs	Association dues (greening projects in Osaka, etc.)	0	0	0	0	0	1,289	1,141	1,700	2,053	667	
6 Environmental Remediation Costs		0	0	0	0	0	0	0	0	0	0	
Total		56,550	32,954	51,094	119,491	76,929	433,736	446,609	438,526	454,918	578,415	

Supplementary notes: In FY2017,

- Investment costs increased for global environmental protection due to renewal of air-conditioning equipment and upgrade to LED lighting equipment at the Fukusaki Factory.
- Investment ended for resource recycling due to completion of renewal work on package-reducing equipment, while waste treatment costs increased due to an increase in waste from promotional materials.
- R&D costs increased due to activities to reduce potentially toxic substances and environmental hormones.

**■Environmental Protection Benefits**

Classification	Benefit	Environmental Indicator	Results					Increase/Decrease
			2013	2014	2015	2016	2017	
Benefits Derived from Business Area Costs	1. Benefits associated with resource inputs into business activities	Power consumption (1,000 kWh)	10,056	10,471	10,354	10,511	10,609	97.8
	2. Benefits associated with environmental impact and waste from business operations	CO <sub>2</sub> emissions (t) *1	6,650	6,616	6,729	6,334	6,216	-118.1
		Net sales unit (CO <sub>2</sub> emissions: t/Net sales: million yen) *2	0.162	0.159	0.153	0.138	0.130	0.0
		Landfill waste (t)	75.0	58.0	54.1	41.5	42.0	0.6
		Recovery rate (%)	98.5	99.0	99.3	99.3	99.4	0.1
		Total waste (t) *3	4,080	3,743	3,649	3,422	3,433	11.7

\*1. To calculate CO<sub>2</sub> emissions, the CO<sub>2</sub> emission factor is used for power usage targeting electricity, kerosene and propane gas at the Fukusaki Factory and electricity and city gas at offices, with the actual emission factor per electricity supplier announced by year. For other fuels, values are used from the government guidelines on estimating

\*2. Ratio of CO<sub>2</sub> emissions to consolidated domestic sales

\*3. Atmospheric emissions (gas emissions) from promotional material waste and aerosol treatment have been included in the total waste from FY2017.

**■Economic Benefits Derived from Environmental Protection Measures**

Actual Benefits

Classification	Benefit	Amount of Money				
		2013	2014	2015	2016	2017
Income	Sale of valuable resources	5,831	6,927	7,070	6,242	6,515
Cost Reductions	Waste treatment cost reductions	-18,519	-1,682	-2,063	12,561	-5,607
Total		-12,688	5,245	5,007	18,803	908

**■Environmental Protection Cost Reference Data**

Categories of Environmental Protection Implementation

Classification	Description of Measures to Protect the Environment	Investment	Cost
Costs to Mitigate Global Warming	Controlling emissions of greenhouse gases	68,430	53,043
Costs to Protect the Ozone Layer	Controlling emissions of substances that damage the ozone layer	0	78
Costs to Protect the Air	Reducing environmental impact caused by air emissions	0	1,521
Costs to Control Noise, Vibration	Controlling noise and vibration	0	0
Costs to Protect Water, Soil and Ground Environment	Maintaining and improving water quality, preventing ground subsidence, preventing soil pollution, and controlling substances that can impact water and soil through emissions	8,400	30,239
Costs Related to Waste and Recycling	Controlling waste generation, proper handling of waste, promoting reuse of recyclable resources, recycling	0	264,968
Costs to Handle Chemicals	Chemical risk management, controlling environmental impact caused by chemicals	0	128,393
Costs to Protect the Natural Environment	Protecting the natural environment	0	100
Other Costs	Implementing other environmental protection measures	99	100,073
Total		76,929	578,415