



Environmental Accounting

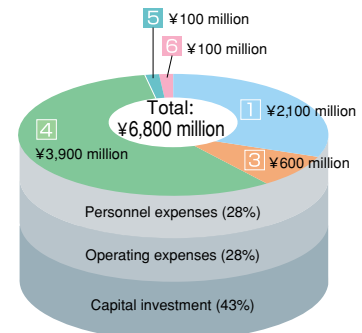
The environmental accounting described in this report represents calculations of the environmental conservation costs for reducing the environmental impact of our work, and the benefits achieved through environmental conservation activities. We are endeavoring to achieve further understanding of our environmental conservation activities through the proactive publication of environmental accounting information. Accounting data was based partly on guidelines from the Ministry of the Environment.

Environmental Conservation Costs

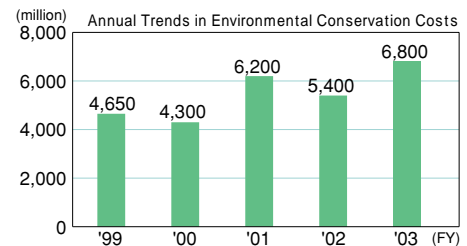
Based on prescribed standards, we calculated our FY2003 environmental conservation costs as follows, dividing costs into such categories as capital investment, experimental research costs, and personnel costs relating to the reduction of environmental impact,

including prevention of air and water pollution and prevention of global warming. Our environmental costs are calculated on a cash-flow basis, with the tabulated values for capital investment representing the amount of investment for the fiscal year, and not depreciation.

Category		Major costs in FY2003
1 Operational costs	① Cost of preventing pollution ② Cost of global environmental conservation ③ Cost of recycling resources	<ul style="list-style-type: none"> •Capital investment for installation of waste incinerators •Personnel expenses for management of wastewater treatment •Capital investment for reclamation of waste heat from scrap-aluminum smelting furnace •Capital investment for promotion of recycling
2 Up- and downstream costs		<ul style="list-style-type: none"> •Agential expenses involved in recycling packaging materials (These are omitted from the diagram to the right due to the fact that they represent only a minute sum.)
6 Cost of environmental management activities		<ul style="list-style-type: none"> •Personnel expenses for ISO 14001 system management •Personnel expenses for participation in environmental education
4 Research and development costs		<ul style="list-style-type: none"> •Operating and personnel expenses for product development contributing to environmental conservation, including automated manual transmissions •Capital investment for construction of an energy laboratory for conducting research and development into energy conservation, prevention of global warming, and the like
5 Community-involvement costs		<ul style="list-style-type: none"> •Expenses for greening activities •Expenses for air-pollution levies and the like
6 Environmental-damage costs		<ul style="list-style-type: none"> •Capital investment for reclamation of groundwater polluted in the past



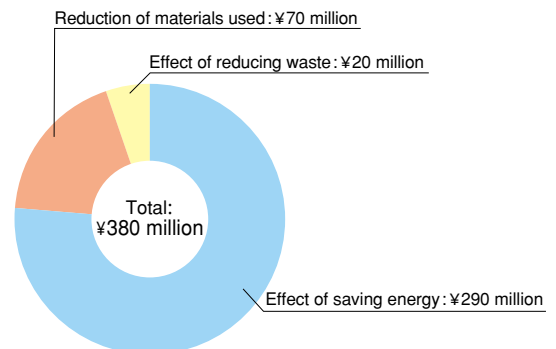
The total cost of environmental conservation in FY2003 was increased by 26% over the previous fiscal year because of major capital investment for the renovation of incinerators and the construction of an energy laboratory.



Benefits of Environmental Conservation Activities

Benefits can be expressed as economic or quantitative. Quantitative benefits are detailed throughout this report, but only those economic benefits that can be clearly shown within the operational area concerned are calculated. Presumptive or indirect benefits such as risk aversion and enhanced added value for products may also occur, but in consideration of such matters including the fact that standards for converting these into economic values have not been devised, effects of such types are excluded from calculations. Benefits for the single year FY2003 totaled ¥380 million, as shown in the graph at right.

(Up through the last fiscal year, cumulative benefits taking into account the useful life of equipment and facilities were given, but starting with FY2003 only the figures for benefits that can be clearly shown for the single fiscal year are given.)



A major contribution was made by the introduction of a cogeneration system at the Kariya Plant in FY2002, but the aggregate effects of individual energy-saving activities in FY2003, the small effect of reducing waste, and the small effect in proportion to capital investment played a major part in the resulting figures, which show a reduction of 37% from the previous fiscal year.