

Environmental Accounting

Fuji Electric introduced environmental accounting in fiscal 2000 as a key means of assessing environmental management performance. Using the 2005 guidelines released by Japan's Ministry of the Environment, we established in-house calculation methods for environmental preservation costs and benefits. Each year, we ascertain and analyze these costs and benefits and disclose this information to the public.

Stance toward Environmental Accounting Calculations

We calculate "direct benefits," such as revenue from sales of valuable items and energy conservation, as well as "estimated benefits," which is a conversion to monetary value of the energy-savings benefit from the use by customers of existing environmentally friendly products (such as vending machines and some inverters) and energy-creating products (such as solar cells and geothermal systems).

Fiscal 2017 Achievements

Environmental conservation costs totaled ¥20,070 million, with investment of ¥720 million and expenses of ¥19,350 million.

The environmental conservation benefit amounted to ¥150,930 million, including revenue from sales of items with value of ¥1,600 million, savings from energy conservation of ¥610 million, and estimated benefits of ¥148,710 million.

Environmental investment included in environmental preservation costs came to ¥620 million in fiscal 2017.

Investments were primarily aimed at energy conservation activities that made direct contributions to the reduction of greenhouse gas emissions during production and included the following:

- (1) Replacement of air conditioners with more efficient models
- (2) Installation of LED lighting
- (3) Installation of inverters and other energy conserving equipment at production facilities
- (4) Introduction of solar power

The economic benefit of these environmental preservation measures equated to savings of ¥610 million achieved through the aforementioned energy conservation activities in Fuji Electric factories. In addition, we estimate that the economic benefit from reductions in the electricity bills of customers through the use of our products was ¥148,710 million as a result of increased sales of inverters, power conditioning systems for mega solar power generation systems, solar power generation systems, and electronic devices.

Environmental Conservation Costs and Benefits (Fiscal 2017)

Period covered: April 1, 2017 to March 31, 2018

Scope: 12 business sites + 22 consolidated subsidiaries (nine subsidiaries in Japan and 13 overseas subsidiaries)

Environmental Conservation Costs (Fiscal 2017)

(Millions of yen)

Categories corresponding to business operations	Main Content	Total (Compared to the previous term)	Breakdown	
			Amount invested	Expenses
1	Costs within the business sites	1,819 (+132)	616	1,203
	Pollution prevention costs	484 (-3)	168	316
	Global environmental conservation costs	859 (+171)	446	413
	Materials recycling costs	476 (-35)	17	475
2	Upstream/downstream costs	4 (-1)	0	4

Categories corresponding to business operations	Main Content	Total (Compared to the previous term)	Breakdown	
			Amount invested	Expenses
3	Management costs	942 (+420)	15	927
4	R&D costs	17,275 (+1,705)	93	17,182
5	Social activity costs	12 (+2)	0	12
6	Environmental damage costs	17 (-28)	0	17
Total		20,069 (+2,231)	724	19,345

Economic Benefit of Environmental Conservation Measures (Fiscal 2017)

(Millions of yen)

Categories	Main details	Total (Compared to the previous term)
Revenue	Amount received from sale of valuable items for recycling	1,603(-216)
Savings	Reduction of expenses through energy conservation, reduction of waste disposal cost, reduction of water bill through water conservation	611(+79)
Estimated benefit	Energy reduction through the use of environmentally friendly products by customers	148,712(+20,124)
Total		150,927(+19,987)

Note 1: The "estimated benefit" is calculated as the economic benefit of energy savings when products with improved energy efficiency are used by customers, and is converted using the following formula:

Benefit (¥) = Σ [(annual amount of electrical power consumed by former equipment - annual amount of electrical power consumed by new equipment) × Volume shipped annually in Japan × Electrical power standard cost] (electrical power standard cost: ¥10/kWh)

Note 2: The "estimated benefit" includes environmentally friendly products (such as vending machines, inverters), and energy creation products (such as solar cells, geothermal power generators).