

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 2018 Achievements

Environmental conservation costs in fiscal 2018 totaled ¥19,680 million, with investment of ¥980 million and expenses of ¥18,700 million.

The environmental conservation benefit amounted to ¥88,760 million, including revenue from sales of items with value of ¥1,270 million, savings from energy conservation of ¥940 million, and estimated benefits of ¥86,550 million.

Environmental investment included in environmental conservation costs came to ¥720 million in fiscal 2018.

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

The economic benefit of these environmental preservation measures equated to savings of ¥940 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 ¥86,550 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 2018)

Period covered: April 1, 2018 to March 31, 2019

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

Environmental Conservation Costs (Fiscal 2018)

(Millions of yen)

Categories corresponding to business operations	Main Content	Total (Compared to the previous term)	Breakdown	
			Amount invested	Expenses
	Costs within the business sites	1,972 (+153)	718	1,254
1	Pollution prevention costs	410 (-75)	119	291
	Global environmental conservation costs	1,170 (+311)	599	571
	Materials recycling costs	392 (-84)	0	392
2	Upstream/downstream costs	3 (-1)	0	3
3	Management costs	546 (-396)	4	542

Categories corresponding to business operations		Main Content	Total (Compared to the previous term)	Breakdown	
				Amount invested	Expenses
4	R&D costs	R&D costs for environmental conservation, such as energy conservation	17,118 (-157)	253	16,865
5	Social activity costs	Greenery preservation, greening costs, and the cost of supporting environmental activities	12 (0)	0	12
6	Environmental damage costs	Cost of excavation and processing of contaminated ground, charges for the impact of pollution	29 (-2)	0	29
Total			19,680 (-389)	975	18,705

Economic Benefit of Environmental Conservation Measures (Fiscal 2018)

(Millions of yen)

Categories	Main details	Total (Compared to the previous term)
Revenue	Amount received from sale of valuable items for recycling	1,267(-336)
Savings	Reduction of expenses through energy conservation, reduction of waste disposal cost, reduction of water bill through water conservation	936(+324)
Estimated benefit	Energy reduction through the use of environmentally friendly products by customers	86,550(+15,550)
Total		88,753(+15,538)

Note 1: The "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).