

Environmental Accounting

In order to maintain the company's environmental activities effectively, ROHM analyzes its cost-effectiveness. Environmental accounting is an important environmental management tool.

ROHM introduced environmental accounting in 1998 and officially announced it in 2001. We referred to the "Environmental Accounting Guidelines (2005 edition)" of the Ministry of the Environment for the creation and official announcement of our environmental accounting system. The ROHM Group complies with its corporate structure and will continue to research a system that

allows us to analyze our environmental activities and its effects appropriately in order to evaluate them comprehensively. As for the effects, only substantial effects that allow the reduction in costs (expenses) to be grasped economically will be accounted for and assumed effects such as risk avoidance will not be considered. In FY 2005, this research system was applied to nine overseas production site companies. We are currently examining these environmental cost trends both domestically and overseas.

FY 2005 (April 2005-March 2006) environmental accounting (consolidated 11 domestic companies)

Environmental protection cost

Unit (¥ million)

Classification	Investment	Expense	Primary activities
Antipollution cost	282	1,088	The introduction and maintenance of facilities for the prevention of air and water pollution, vibration and others
Global environment protection cost	418	234	The introduction and maintenance of facilities for the elimination of greenhouse gases and energy conservation facilities
Resources recycling cost	1	530	Waste material recycling processing and water recycling maintenance
Management activities cost	1	173	Operations management of the environmental management system
Social activities cost	252	49	Environmental information disclosure and reforestation / replanting activities
Environmental damage cost	0	0	None
Total	954	2,074	

Investment and expense trends

Unit (¥ million)

	Fiscal 1998	Fiscal 1999	Fiscal 2000	Fiscal 2001	Fiscal 2002	Fiscal 2003	Fiscal 2004	Fiscal 2005
Investment	896	238	694	2,023	1,257	576	1,020	954
Expense	1,316	1,095	1,478	1,251	1,401	1,475	1,925	2,074

Economic effects

Unit (¥ million)

Classification	Amount of effect	Primary contributors
Reduction or total elimination of materials that produce an environmental burden	223	Purchasing reductions due to a reduction in the use of materials with an environmental burden
Energy and water conservation	2,527	Reduction in utility expenses due to the improvement of energy consumption and water recycling
The reduction or reuse of waste	2,661	Purchasing reductions due to the recycling and internal reuse of secondary materials
More efficient management	0	None
Total	5,411	

Environmental protection effects

Classification of the environmental protection effect	Environmental performance indicators	Increase/reduction ratio over preceding year
Environmental protection effects related to assets committed to business activities	Quantity of electrical energy input	Reduced 5 x 10 ⁶ kWh
	Quantity of gas input	Increased 6.4 x 10 ⁶ m ³
	Quantity of heavy oil input	Reduced 5.7 x 10 ³ ℓ
	Quantity of water resources input	Increased 0.74 x 10 ⁶ m ³
	Quantity of specific managed materials input	Increased 2.4t
Environmental protection effects related to the environmental burden and waste produced by business activities	Emission of greenhouse gases	Decreased 7 x 10 ⁴ t CO ₂
	Total emissions of waste materials	Decreased 700t
	Final quantity of waste material disposed	Decreased 135t
	Total quantity of wastewater	Increased 0.35 x 10 ⁶ m ³
	BOD emissions	Increased 59t
	COD emissions	Increased 12t
	NOx emissions	Reduced 131t
SOx emissions	Reduced 12t	

FY 2005 (April 2005-March 2006) environmental accounting (consolidated nine overseas companies)

■ Environmental protection cost

Unit (¥ million)

Classification	Investment	Expense	Primary activities
Antipollution cost	174	277	Purchasing reductions due to a reduction in the use of materials with an environmental burden
Global environment protection cost	11	1	The introduction and maintenance of facilities for the elimination of greenhouse gases and energy conservation facilities
Resources recycling cost	15	149	Waste material recycling processing and water recycling maintenance
Management activities cost	0	36	Operations management of the environmental management system
Social activities cost	65	11	Environmental information disclosure and reforestation / replanting activities
Environmental damage cost	0	0	None
Total	265	474	

■ Economic effects

Unit (¥ million)

Classification	Amount of effect	Primary contributors
Reduction or total elimination of materials that produce an environmental burden	1,852	Purchasing reductions due to a reduction in the use of materials with an environmental burden
Energy and water conservation	214	Reduction in utility expenses due to the improvement of energy consumption and water recycling
The reduction or reuse of waste	165	Purchasing reductions due to the recycling and internal reuse of secondary materials
More efficient management	0	None
Total	2,231	

■ Environmental protection effects

Classification of the environmental protection effect	Environmental performance indicators	Increase/reduction ratio over preceding year
Environmental protection effects related to assets committed to business activities	Quantity of electrical energy input	Increased 6.96 x 10 ⁷ kWh
	Quantity of heavy oil input	Increased 1.42 x 10 ⁶ kℓ
	Quantity of water resources input	Increased 0.45 x 10 ⁶ m ³
	Quantity of specific managed materials input	Increased 2.3t
Environmental protection effects related to the environmental burden and waste produced by business activities	Total emissions of waste materials	Decreased 1,376t
	Final quantity of waste material disposed	Increased 18t
	Total quantity of wastewater	Increased 0.33 x 10 ⁶ m ³
	BOD emissions	Increased 4.9t
	COD emissions	Increased 25.4t
	NOx emissions	Increased 115t
SOx emissions	0	

2005 Environmental accounting analysis

The cost of forestation and green investment for fiscal 2005 (appropriated as a corporate activity cost) is:

Domestic	251.5	(¥ million)
Overseas	64.9	
Total	316.4	

This amounts to 26% of our total environmental investment. This includes the beautification costs of planting trees around our surrounding facilities to promote a communal and open landscape.

The accumulation of economically effective factors has resulted in reduced purchasing costs-both overseas and domestically. Domestic factors include the recycling and reuse of secondary materials, while increased productivity and the reduction of unnecessary materials have reduced purchasing costs overseas.

In the future, the environmental impact will increase as we gradually continue to shift our production overseas. In order to prevent adverse damage, we are taking our environment into consideration by implementing energy and resource saving methods in our manufacturing processes.