

Environmental Accounting

We are more accurately determining the costs and benefits of environmental activities and using this knowledge in management.

Stance on Environmental Accounting

Environmental accounting is a management tool that helps to determine the costs and benefits of a company's environmental activities. At TEL, we have introduced an environmental accounting system to determine quantitatively the costs of the environmental aspects of our business, and we are using this information to guide corporate activities.

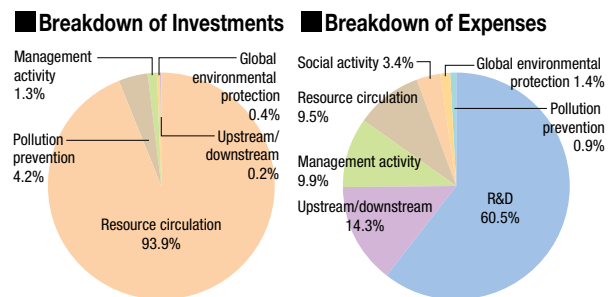
FY 2003 is the fourth year since the introduction of the environmental accounting system, and we have made greater efforts this year to improve the accuracy of information about both the investments and expenses for environmental activities. Our aim is to make our environmental activities sustainable.

Our environmental accounting complies with the Environmental Accounting Guidelines (2002 Edition) and Environmental Accounting Guidebook from Japan's Ministry of the Environment.

Environmental Preservation Costs

The costs of environmental preservation (investments and expenses) for FY 2003 can be seen in the tables and figures below.

The data covers TEL facilities in Japan. Depreciation on investments in facilities is calculated as an expense beginning with the investments made in FY 2000.



Environmental Protection Costs in FY 2003

Locations covered: All TEL facilities in Japan (Sapporo, Tohoku, Miyagi, Akasaka, Fuchu, Yokohama, Sagami, Hosaka, Fujii, KTC, Osaka, Saga, Kumamoto, Koshi, Ozu)
 Period covered: April 1, 2002 to March 31, 2003

Units: 1,000 yen

Classifications of Environmental Costs	Details of main initiatives(facilities, supplies, leases, depreciation, maintenance, etc.)	Investment amount	Expense amount
1. Business area cost		336,302	753,216
Itemization			
1.1 Pollution prevention costs	Prevention of air pollution, water pollution, soil contamination, etc.	320,631	179,697
1.2 Global environmental costs	Climate change prevention, ozone layer protection, etc.	1,481	73,187
1.3 Resource circulation costs	Efficient use of resources, waste reduction, etc.	14,190	500,332
2.Upstream/downstream costs	Green purchasing, green procurement, etc.	637	752,999
3.Management activity costs	Environmental education, monitoring and measuring environmental impacts, etc.	4,530	522,737
4.Research and development costs	Product R&D, etc.	0	3,179,925
5.Social activity costs	Planting trees and vegetation, supporting local environmental activities, information provision, etc.	0	46,012
6.Environmental damage costs	Repairing damage to the natural environment, etc.	0	0
7.Other activities	other	0	0
Total		341,469	5,254,889

Benefits of Environmental Activities

The results of calculations of the economic benefits of environmental preservation activities are shown in the table below.

Concerning categories of environmental accounting, this report covers only the economic effects of environmental protection activities.

Economic Benefits of Environmental Protection Activities in FY 2003

Locations covered: TEL facilities in Japan (Sapporo, Tohoku, Miyagi, Akasaka, Fuchu, Sagami, Hosaka, Fujii, Osaka, Saga, Kumamoto, Koshi, Ozu)
 Period covered: April 1, 2002 to March 31, 2003

Units: 1,000 yen

Classifications of environmental costs	Details	Amount	
Cost reduction	Benefits relating to electricity and other energy	Reduced electricity usage	71,660
	Water-related benefits	Reduced water usage	14,631
	Paper-related benefits	Reduced paper usage	57,621
	Resource-related benefits	Reduced resource usage	26,423
	Waste-related benefits	Reduced waste volume	15,790
	Other benefits		0
Cost reduction subtotal		186,125	
Profits	Waste-related benefits	Profits from recycling (salvageable materials)	1,268
	Other benefits	Public relations effect (equivalent TV/newspaper advertising cost)	1,500
Profit subtotal		2,768	
Grand total		188,893	