

# Environmental Accounting

TEL uses environmental accounting in its business management to determine the costs and benefits of its environmental activities.

## Our Approach to Environmental Accounting

Environmental accounting is a management tool used to find the costs and benefits of a company's environmental activities. TEL has implemented an environmental accounting system to quantify the costs of its activities that concern environmental protection.

In FY 2005, the sixth year since the introduction of our environmental accounting system, we worked to further improve the accuracy of our data on investments and expenses for equipment needed for environmental activities. We are determined to continue initiatives to preserve the Earth's environment in the years to come.

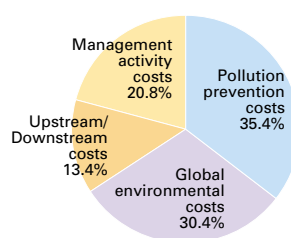
Our environmental accounting complies with the Environmental Accounting Guidelines (2002 edition) and the Environmental Accounting Guidebook published by Japan's Ministry of the Environment.

## Environmental Preservation Costs

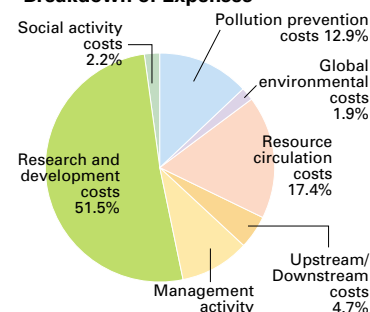
Environmental preservation costs (investments and expenses) for FY 2005 are outlined in the tables and figures below.

The scope of coverage of the data includes TEL plants and offices in Japan. The investment depreciations in facilities are calculated as expenses beginning with the investments made in FY 2000.

Breakdown of Investments



Breakdown of Expenses



## Environmental Protection Costs in FY 2005

Scope: All TEL facilities in Japan (Sapporo, Tohoku, Miyagi, Akasaka, Fuchu, Yokohama, Sagami, Hosaka, Fujii, Amagasaki, Osaka, Saga, Kumamoto, Koshi, Ozu)  
 Period covered: April 1, 2004 — March 31, 2005

(1,000 yen)

Classifications of environmental costs	Scope of main initiatives (facilities, supplies, leases, depreciation, maintenance, etc.)	Investment amount	Expense amount
1. Business area costs		56,218	656,769
Itemization			
1.1 Pollution prevention costs	Preventing air pollution, water pollution, soil pollution, etc.	30,259	264,232
1.2 Global environmental costs	Global warming prevention, ozone layer protection, etc.	25,959	37,851
1.3 Resource circulation costs	Efficient use of resources, waste reduction, etc.	0	354,686
2. Upstream/Downstream costs	Green purchasing, green procurement, etc.	11,439	96,436
3. Management activity costs	Environmental education, monitoring and measuring environmental impacts, etc.	17,801	200,506
4. Research and development costs	Product R&D, etc.	0	1,042,573
5. Social activity costs	Planting trees and vegetation, supporting local environmental activities, information disclosure, etc.	0	44,332
6. Environmental damage costs	Repairing damage to the natural environment, etc.	0	0
7. Other costs	Other	0	0
Total		85,458	2,040,616

## Economic Benefits of Environment Protection Activities

The results of calculations for the economic benefits of environmental protection activities are shown in the table below. The economic benefits of environmental protection activities are the only environmental accounting items covered in this report.

## Economic Benefits of Environmental Protection Activities in FY 2005

Scope: TEL facilities in Japan (Sapporo, Tohoku, Miyagi, Akasaka, Fuchu, Yokohama, Sagami, Hosaka, Fujii, Osaka, Amagasaki, Saga, Kumamoto, Koshi, Ozu)  
 Period covered: April 1, 2004 — March 31, 2005

(1,000 yen)

Classifications of environmental costs	Details	Amount	
Cost reduction	Benefits relating to electricity and other energy	Reduced electricity usage	△ 40,796
	Water-related benefits	Reduced water usage	7,478
	Paper-related benefits	Reduced paper usage	3,990
	Resource-related benefits	Reduced crude oil usage	1,516
	Other benefits		7,594
	Waste related benefits	Reduced waste volume	14,513
	Water and soil effluent benefits	Reduced waste volume	132
Cost reduction subtotal		△ 5,573	
Profits	Resource-related benefits		87
	Waste-related benefits		495
Profit subtotal		582	
Grand total		△ 4,991	