

● Environmental accounting system

The Hitachi Chemical Group introduced an environmental accounting system in fiscal 1999 to continuously enhance our environmental investments and conservation activities and to deepen stakeholder understanding of our corporate stance by disclosing information on the allocation of management resources to environmental activities and the value generated by environmental technologies and eco-friendly products.

In fiscal 2008, we spent ¥6.3 billion on a non-consolidated basis and ¥12.7 billion on a consolidated basis in R&D for eco-friendly products, the management and maintenance of equipment such as boilers, and improved production efficiency. We also invested ¥0.4 billion on a non-consolidated basis and ¥1.0 billion on a consolidated basis in fuel conversion to save energy and reduce CO₂ emissions and in treatment of odor and waste water and other measures.

We define the impact in monetary terms as economic effects, whereas amount is defined as volume effects; economic effects totaled ¥5.2 billion on a non-consolidated basis and ¥5.6 billion on a consolidated basis.

Results of environmental accounting

Category	Non-consolidated		Consolidated		Category	Non-consolidated		Consolidated	
	2007	2008	2007	2008		2007	2008	2007	2008
1. Total costs (100 millions of yen)	62.4	63.4	121.4	126.6	1. Total economic effects (100 millions of yen)	45.1	51.8	47.1	56.4
(1) Direct costs for production	31.8	29.2	57.5	47.2	(1) Net income effect	6.9	7.2	8.1	9.9
(2) Upstream/downstream costs	0.3	0.5	3.7	2.9	(2) Effect of reducing expenses	2.5	4.2	3.0	5.5
(3) Management activity costs	3.5	3.9	22.5	23.3	(3) Effect of reducing materials	35.7	40.4	35.9	40.9
(4) Research and development costs	26.1	29.2	36.2	49.8	2. Volume effects				
(5) Social activity costs	0.5	0.5	0.8	0.6	(1) Reduction of wastes landfilled (tons/year)	0	0	1,449.5	2,798.6
(6) Environmental damage costs	0.1	0.1	0.7	2.7	(2) Reduction of chemical substances released into the atmosphere (tons/year)	443	64	419	113
2. Environmental investment (100 millions of yen)	5.4	4.1	12.9	10.3					

Data is compiled from 28 domestic sites.

Publishing a Japanese version of a report that compiled methodologies for assessing the correlation between corporate activities and ecosystems

In October 2008, Hitachi Chemical published a Japanese version of the Corporate Ecosystem Services Review (ESR), a systematic methodology for assessing the correlation between corporate activities and ecosystems.

The ESR is conducted in terms of the degree of both dependence and impact on ecosystems. The methodology was officially announced by the World Business Council for Sustainable Development (WBCSD) in March 2008. Since fiscal 2007, the Company has been a core member company of the WBCSD Ecosystem Focus Area, one of the four top priority areas for the WBCSD. A Japanese translation of the ESR was a part of our dedication to these activities.

Going forward, we will actively cooperate in developing activities to extensively introduce WBCSD proposals in Japan.



Front cover of the Corporate Ecosystem Services Review (ESR)