

## Realizing Environmental Management by Calculating Investments and Running Costs of Environmental Activities. Quantifying the Group's Environmental Impact and Taking Additional Measures

SanDen calculates investments and expenses associated with environmental protection activities based on its own system, which incorporates elements of the Ministry of the Environment's Environmental Accounting Guidelines. In addition to compiling data in terms of monetary value, data on the Group's overall environmental impact is assessed and aggregated. Since fiscal 2005, we have promoted environmental management activities by using the method of material flow cost accounting (MFCA), an environmental management tool that enables the concurrent management of environmental and economic items.

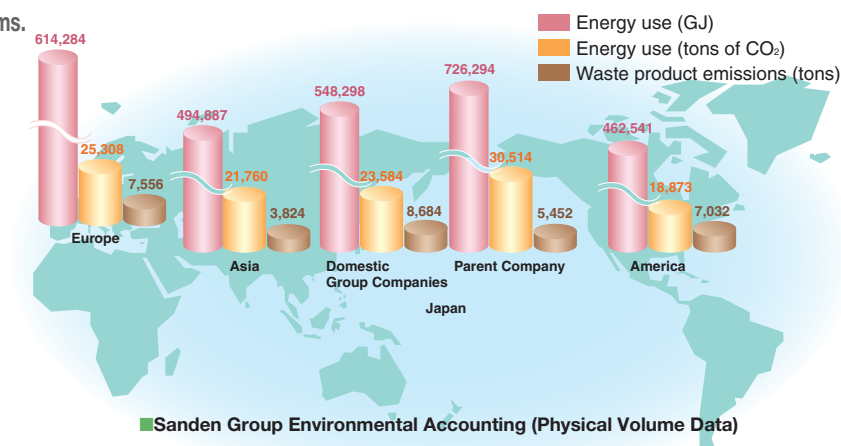
### ■ Environmental Accounting for Plants in Japan

Through fiscal 2006, we reported environmental accounting figures for the Company's plants alone, but our environmental accounting figures from fiscal 2007 cover both the plants and environmental preservation activities at Sanden Forest.

In fiscal 2007, investments were mainly in R&D facilities. Expenses for activities were largely for environmental preservation activities in regions near plants. Moreover, because the scope of figures from fiscal 2007 has been expanded to include activities at Sanden Forest, the magnitude of social activities related to local communities and contributions to local regions has increased. It should be noted that figures include approximately ¥94 million in depreciation expense associated with previous facility investments.

### ■ Sanden Group Environmental Accounting (Physical Volume Data)

The Sanden Group employs environmental accounting to obtain physical volume data-including data regarding the amounts of energy used and waste generated-and monetary data. This information is gathered and used in in-house information network postings and in environ-



mental reports created by individual companies each fiscal year. Sanden is particularly encouraging Group companies in Japan and overseas to disclose data as basic information for environmental preservation activities and for increasing the visibility of environmental performance data.

Group environmental accounting reports on energy use and waste product generation in each region. From fiscal 2007, energy use is reported in terms of both calorific value (GJ) and CO<sub>2</sub> equivalents. While different countries use different methods of measuring CO<sub>2</sub> equivalents, to promote a good understanding of actual situations regarding environmental impact and environmental activities, we are consistently using a method based on

that of the Environmental Activities Evaluation Program of Japan's Ministry of the Environment.

Although many kinds of energy-conserving equipment were installed and various energy conservation activities implemented, the Group's overall energy use volume showed a year-on-year increase of 8% in absolute terms during fiscal 2007. In terms of energy use per unit of output, however, the Group achieved a decrease of 0.4%. In fiscal 2008, plans call for the Group to continue moving ahead with additional energy conservation activities while sharing information on particularly successful activities and expanding the application of energy conservation technologies.

### ■ Sanden Group Environmental Accounting

Environmental Costs(100 Millions of yen)

Classification	Major activities and effects (from guidelines)	Investment	Expense
1) Business Area Costs		1	289
Breakdown	① Pollution Prevention Costs Maintaining and administering pollution prevention facilities Cost of preventing water pollution (including soil contamination) Cost of preventing air pollution	—	62
	② Global Environmental Preservation Costs Expense of energy conservation improvement promotion projects	—	5
	③ Resource-Related Costs Resource recycling related costs Expense of treating and recycling recovered R141b	1	222
2) Upstream/Downstream Costs	Costs for the disposal of products and components	—	10
3) Administration Costs	Expense of monitoring and measuring environmental impact Health, Safety, and Environment Committee at each site	—	89
4) R&D Costs	Development of alternative refrigerants and environment-friendly compressors Development of technologies for responding to EU environmental regulations Development of energy-saving refrigerator/freezer showcases Development of energy-saving vending machines	206	618
5) Social Activity Costs	Sanden Forest environmental monitoring surveys and maintenance and tree planting administration Akagi Clean/Green Eco Network (including Akagi Nature School) operation Operation of Akagi Club and Forest Kids NPOs Environmental education implementation at primary and middle schools	—	66
6) Environmental Remediation Costs	—	—	—
	Subtotal	207	1072
	Total		1279

