



Sumitomo Bakelite has adopted environmental accounting to promote efficient environmental management and fulfill its responsibility to society.

Sumitomo Bakelite implemented environmental accounting in fiscal 2000 to quantify the costs and benefits of environmental conservation and effectively promote environmental management as well as disclose information to stakeholders and give them an understanding of the Company's initiatives. Environmental accounting was introduced at five plants and the Company's two research laboratories in fiscal 2000 and, since fiscal 2001, has been successively implemented at affiliated companies in Japan, figures for which are included in data compilation.

The Company tabulates figures for environmental accounting based on the Ministry of the Environment's Environmental Accounting Guidelines (2005 version). Furthermore, the Group is working to develop its own accounting standards, with the view that environmental accounting is a means of quantitatively evaluating the progress of activities to reduce environmental impact. In addition, we review the standards every year to obtain more useful information through environmental accounting.

■ Environmental Conservation Costs for Fiscal 2008

Item	Environmental conservation costs		Description
	Investment (millions of yen)	Expenses (millions of yen)	
Emissions control	78	324	• Fuel switching for boilers
Energy conservation	88	60	• Change in boiler fuel • Energy conservation through improved equipment operating efficiency
Waste reduction, recycling, and treatment	11	528	• Waste treatment
Product initiatives at the R&D stage	128	2,174	• R&D for environment-conscious products
Reduction of upstream and downstream environmental impact	—	23	• Analysis of environmental substances • Commission fees to the Japan Containers and Packaging Recycling Association (JCPRA)
Environmental management activities	3	350	• Personnel expenses for environmental management activities • Beautification activities and maintenance of green spaces
Contributions to community activities	—	2	• Outside communications activities
Response to environmental damage	—	258	• Inspections of soil and groundwater contamination at vacant lot of Sano Plastic Co., Ltd., and implementation of associated and remediation measures
Total	308	3,719	

Note: See page 1 for period and business site.

Compilation Methods

• Figures have been tabulated based on the Company's Environmental Accounting Compilation Standards with reference to the Ministry of the Environment's Environmental Accounting Guidelines (2005 version).

• In cases where composite costs include costs other than those related to environmental conservation, environmental conservation costs have been tabulated based on the proportion used for environmental conservation purposes.



- Economic benefits have been calculated by adding up benefits that can be measured based on certain premises, and such theoretical benefits as risk aversion are not included.
- Expenses do not include depreciation.
- Research and development investments and expenses are compiled for each environment-related category.

Benefits of Environmental Conservation for Fiscal 2008

	Reduction of environmental impact (compared with fiscal 2007)	Environmental impact (fiscal 2008)
Reduction in amount of air emissions and other substances	(123)t	194t
CO ₂ emissions	(13,991)t	108,568t
Volume of waste generated	(2,200)t	7,818t
Disposal in landfills and simple incineration	(27)t	201t

Note: Due to rounding, the figures for reduction in emission volumes may not match with figures calculated using the figures shown.

Economic Benefits for Fiscal 2008

Item	Amount (millions of yen)
(1) Cost reductions resulting from energy conservation	83
(2) Cost reductions resulting from waste reduction	16
(3) Income from external recycling	135
(4) Cost reductions resulting from internal recycling	670
(5) Others	1
Total	905

Criteria for Computation of the Economic Effects

(1) Reduction in costs through energy conservation

The reduction in costs due to specific actions to invest in and make improvements in equipment and other activities

(2) Reduction in costs accompanying decline in waste

The amount of reduction in production value per basic unit is computed by the following formula. However, the results of the formula computation are included only when they are positive.

$$\frac{\text{(Cost of disposal in the previous fiscal year)}}{\text{(Value of production in the previous fiscal year)}} \times \text{(Value of production in the fiscal year)} - \text{(Cost of disposal in the fiscal year under review)}$$

(3) Revenue obtained from external recycling (sale) is included in the value of sales of economic materials.

(4) Reduction in costs through internal recycling

Types of internal recycling:

Type 1: Workplace recycling: Items are processed for recycling inside or outside the processing line and are re-input as materials.

Type 2: Recycling outside the workplace: Items are processed by an external company or party and are then re-input as materials.

The portion of recycled materials that is re-input as production materials are valued in monetary terms. However, for Type 2 recycling, the cost paid to the external company or party is subtracted from the value of the materials recycled as production materials according to the following formula:

$$\text{(Value of materials recycled as production materials)} = \text{(Amount paid for an equivalent amount of new materials that would be purchased in place of the materials recycled as production materials)} - \text{(Cost paid to external company or party for processing services)}$$

In addition, the cost of disposal avoided by using the materials recycled as production materials is not included in the computation.

(5) Other items: Reduction in costs, etc., through the restraint of emissions into the environment