

# Independent Verification on the Social & Environmental Report 2006

## Reference View

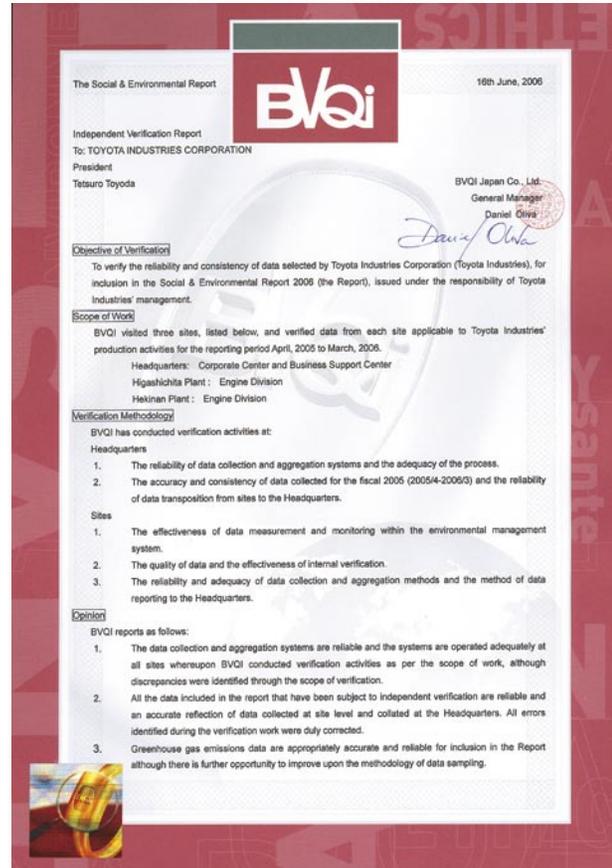
BVQI has verified environmental data collection activity at the Headquarters and the stated sites and concludes the following:

### 1. Good Points

- The data collection and aggregation systems are well designed and organised. The data is collected consistently and reliably into a spreadsheet and the possibility of misuse and miscalculation is not significant.
- Through evaluation at the Higashichita plant, it was seen that PCB waste is effectively managed.
- The process of wastewater discharge is operated and managed at both the Higashichita Plant and Hekinan Plant in accordance with a voluntary standard, which is considered to be stricter than regulatory requirements.
- The scheme to check the completion of solid waste disposal after issuance of waste consignment documentation is adequately organized and the evaluation of legal compliance is thorough.

### 2. Follow-up on Issues from Verification Report on Social & Environmental Report 2005

- In the report for energy consumption, data aggregation rules are definitive and since issuance of the aggregation manual, no errors have been identified. The disclosed data is thus considered to be transparent and reliable. It would be expected such an approach will extend to other aggregated data such as water, wastes, etc.
- Some data errors were identified at sites due to manual input and insufficient understanding of data input procedures; this did not apply to energy consumption data.
- Although internal data auditing was not conducted in fiscal year 2005, the structure of the internal audit function is being developed during this fiscal year. Continuous further improvement is expected.
- Personnel in charge acknowledged and corrective action was taken for the identification of significant variance in environmental performance data.
- The identification and measurement of the consumption of both HFCs and PFCs is underway.
- The calculation of greenhouse gas emissions could be in accordance with internationally recognised rules such as IPCC and/or EU ETS; currently, CO<sub>2</sub> emissions from the casting process are not deemed to be accurately calculated. As this GHG emissions are origin of casting process, this should account for CO<sub>2</sub> emissions in considering the raw materials input, production volume, and generation of wastes.



### 3. Opportunities for improvement

- Significant variance between water consumption and wastewater is identified at some plants. At the same time, there is discrepancy between the scope of data collection at each plant and Headquarters. This issue should be resolved to ensure more reliable data aggregation and reporting.
- The scope of aggregation is seen to differ for certain data. The closer alignment of data aggregation across sites should ensure greater information consistency and this should be supported by a defined rationale from Headquarters where the scope of aggregation is changed.
- Measurement devices were not calibrated in certain cases. For the inclusion of measured data and analyzed data in the Report, it will be necessary to maintain the calibration of measurement devices for reliable performance management and disclosure of accurate data.
- For the classification of waste, the identification of reusable and waste materials needs further clarification, and waste management operations could be improved in terms of waste recycling.