

Environmental Accounting

Nikon introduced its first comprehensive environmental accounting system in fiscal 2001. Environmental accounting involves accounts that show the cost and the effects of environmental conservation activities. Through the introduction of environmental accounting, we aim to improve the effectiveness of our conservation activities,

Features

Nikon's environmental accounting features the classification of environmental costs and effects according to our environmental preservation activities.

Basic Policy

The figures contained in our environmental accounts for fiscal 2001 are for Nikon Corporation only. Environmental costs (investments and expenses) are classified based on our environmental targets and measures, as well as standards set forth in the guidelines of Ministry of the Environment (Developing an Environmental Accounting System, Year 2000 Report).

and implement sustainable environmental policies over the long term with quantifiable results. We are also working to heighten awareness of our environmental conservation activities, through the publication of related information and the clarification of our stance on the environment.

Development

We established an "Environmental Accounting Sub-Committee" within the "Environmental Committee" in June 2000, with the aims of creating an environmental accounting system and an appropriate means of operation. This Sub-Committee is active on an ongoing basis.

Effects

The effects of our environmental activities are shown under the heading "Results through Fiscal 2001" on the Environmental Action Plan on the next page. These results are the actual results of strategies implemented in response to our environmental target values.

Cost of Environmental Conservation (Fiscal 2001)

Unit: millions of yen

Category		Main Activities	Investment	Expenses	Total
Product environment	Product development: Energy conservation, reduced use of resources, reduction in use of harmful chemical substances, ozone layer protection	Energy-saving design, switch to hot-runner moulds, development of eco-glass	-	49	49
	Containers and packaging	Reduction in use of plastics in packaging materials	-	17	17
	Green procurement	Operation of green procurement guide	-	1	1
	Product Environmental Accounts		-	66	66
Workplace environment	Energy conservation	Replacement of air conditioning systems, installation of inverters	126	61	187
	Waste reduction	Recycling of waste plastics, promotion of paper reuse	-	27	27
	Reduction in use of harmful chemical substances	Promotion of use of alternative solvents, refurbishment of wash machines	48	9	57
	Workplace Environmental Accounts		174	97	271
Response to laws and regulations		Operations management for gas and water emissions processing equipment, maintenance of noise and vibration-emitting facilities, waste management, control of dangerous substances	258	446	704
Management activities		ISO 14001 related (EMS management, workplace education), introduction of greenery	-	383	383
Total			432	993	1,424

Classified According to Guidelines of Ministry of the Environment (Fiscal 2001)

Unit: millions of yen

Category	Details	Investment	Expenses	Total
Cost within business area				
Pollution prevention costs	Operations management for gas and water emissions processing equipment, maintenance of noise and vibration-emitting facilities	211	216	428
Global environment conservation costs	Energy conservation, reduction in use of harmful chemical substances, control of dangerous substances	219	140	359
Resource recycling costs	Waste reduction (recycling of waste plastics, promotion of paper reuse), waste management	1	187	188
Upstream/Downstream costs	Containers and packaging measures (reduction of plastics in containers and packaging materials)	-	18	18
Management activities costs	ISO 14001 related (EMS management, workplace education)	-	352	352
R & D costs	Energy-saving design, switch to hot-runner moulds, development of eco-glass	-	49	49
Social activities costs	Introduction of greenery	-	31	31
Environmental damage costs		-	0	0
Total		432	993	1,424

Scope of Data:
Nikon Corporation
(Non-consolidated)
Applicable Period: April 1, 2000 to March 31, 2001

* Costs which could not be clarified are in principle not included in these accounts.
* Depreciation and amortisation have not been factored into these accounts.
* Where a facility has been utilised for several purposes and breakdown is considered complex, the entire cost has been included in the investment cost.
* All costs have been rounded up or down to the nearest whole number, so in some cases the totals do not match the figures indicated.

The Ongoing Challenge

In addition to trying to collect environmental cost data more quickly and efficiently, we are also aiming to improve our methods for gauging the effects of our activities, so that we can clearly illustrate the relationship between cost and effect. Furthermore, we are

considering more extensive environmental accounting training, and looking at ways in which environmental accounting procedures could be put into use by our manufacturing subsidiaries, whose environmental impact is relatively significant.

Environmental Action Plan

Nikon implemented its corporate policy statement for group activities, known as “Vision Nikon 21”, in March 2000. This was the basis for the midterm environmental targets we specified in our “Nikon Environmental Action Plan 21 for Fiscal 2001”. Now we have the revised plan, “Nikon Environmental Action Plan 21 for

Fiscal 2002”, which separates the targets into 13 categories representing the product and workplace environments as shown below. The results achieved to fiscal 2001 are shown on the right.

Nikon is committed to reaching every one of the targets during the coming period.

The Nikon Environmental Action Plan 21 for Fiscal 2002

Product Environment

Theme	Midterm environmental targets	Results through fiscal 2001
1. Energy conservation (prevention of global warming)	<ul style="list-style-type: none"> Improvement in energy efficiency of 30% or greater for functions on products marketed during fiscal 2003, compared with products sold since fiscal 1998. 	<ul style="list-style-type: none"> Six out of 14 products selected from among products marketed during fiscal 2001 achieved a 30% or greater improvement in energy efficiency. Some examples are introduced on pages 12 and 13.
2. Reduction in use of harmful chemical substances	<ul style="list-style-type: none"> Development of eco-glass (lead and arsenic-free optical glass) to be completed by end of fiscal 2001. Use of eco-glass in 90% or more of all optical designs in fiscal 2003. 	<ul style="list-style-type: none"> Development completed during fiscal 2001. Use of eco-glass rose from 77% in fiscal 2000 to 86% in fiscal 2001.
3. Ozone layer protection	<ul style="list-style-type: none"> Reduction of models using ozone layer-damaging HCFC, used as refrigerant for IC and LCD steppers to fewer than 30% of all products shipped in fiscal 2003, with ultimate goal of total elimination of use of HCFC by end of fiscal 2005. 	<ul style="list-style-type: none"> Rate of models shipped utilising HCFC has fallen from 94% in fiscal 2000 to 75% in fiscal 2001.
4. Containers and packaging	<ul style="list-style-type: none"> 40% reduction in plastic containers used in consumer products by fiscal 2003, compared with figures for fiscal 1999. Total elimination of non-separable multi-material for new packaging from fiscal 2001 onward. 	<ul style="list-style-type: none"> 4% increase in fiscal 2000 was improved to a 24% decrease in fiscal 2001. Total elimination of non-separable multi-material for new packaging was achieved in fiscal 2001.
5. Green procurement	<ul style="list-style-type: none"> Increase average environmental conservation structure evaluation of suppliers by 20 points by end of fiscal 2003, compared with scores in fiscal 2000. 	<ul style="list-style-type: none"> A revised version of the Green Procurement Guide was produced and distributed to suppliers. Evaluation is to be performed in fiscal 2002.

Workplace Environment

Theme	Midterm environmental targets	Results through fiscal 2001
1. Energy conservation (prevention of global warming)	<ul style="list-style-type: none"> 20% or better reduction in energy consumption per net sales in fiscal 2003, compared with figures for fiscal 1999 	<ul style="list-style-type: none"> Reduction rate improved from 14% in fiscal 2000 to 29% in fiscal 2001.
2. Waste reduction	<ul style="list-style-type: none"> Achieve at least one zero-emission facility by end of fiscal 2003. Boost waste recycling rate to at least 85% in fiscal 2003. Reduce amount of waste generation per net sales by at least 40% in fiscal 2003 compared with figures for fiscal 1999. 	<ul style="list-style-type: none"> Continued to improve recycling efficiency. Improved from 65% in fiscal 2000 to 73% in fiscal 2001. Reduction rate improved from 26.9% in fiscal 2000 to 27.2% in fiscal 2001.
3. Reduction in use of harmful chemical substances	<ul style="list-style-type: none"> Reduce use of chlorinated organic solvents in wash by at least 70% in fiscal 2003, with goal of elimination of these solvents by end of fiscal 2006. 	<ul style="list-style-type: none"> Reduction rate of 0.4% in fiscal 2000 improved to 37% in fiscal 2001.
4. Green procurement	<ul style="list-style-type: none"> Increase the number of new or replacement ecological office supplies by at least 300 over fiscal 2001 level, by end of fiscal 2003. 	<ul style="list-style-type: none"> 97 new ecological items added.