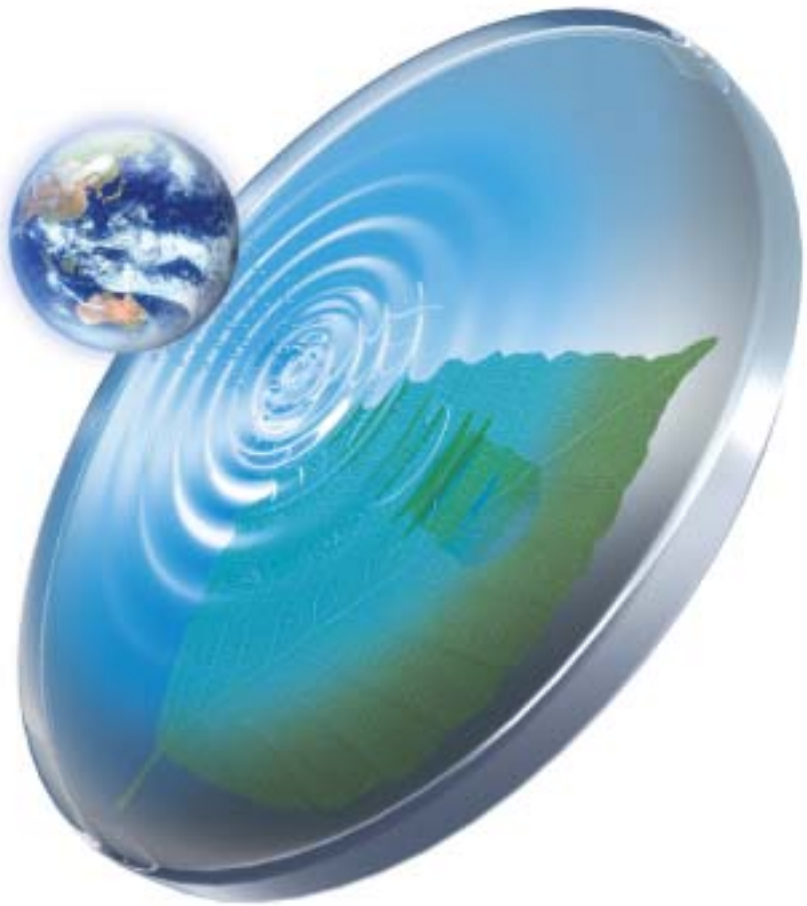
Nikon Environmental Report 2006



Scope of Report

This environmental report contains information regarding the impact of Nikon Corporation's facilities on the environment, and measures undertaken for fiscal year 2006 (April 1st, 2005 to March 31st, 2006) at Nikon Corporation. It encompasses the head office, as well as the Ohi, Yokohama, Sagamihara, Kumagaya and Mito plants. The report also includes information on activities during the term, plans for future activities, and information on group companies.

Reference

'Environmental Report Guideline (2003)" by the Ministry of the Environment
"GRI (Global Reporting Initiative™) Sustainability Reporting Guidelines 2002"

Web

Environmental preservation
http://www.nikon.co.jp/main/eng/portfolio/eco/index.htm
Corporate profile
http://www.nikon.co.jp/main/eng/portfolio/index.htm
Investor relations
http://www.nikon.co.jp/main/eng/portfolio/ir/index.htm

Next Issue

November2007

Previous Issue

December2005

Major Features

- The rate of Eco-glass utilisation in new optical designs remains at 100% in consumer products, and increased to 96.5% in industrial products. (See pages 10, 13)
- We were in compliance with the RoHS Directive of EU (detailing restrictions on the use of certain hazardous substances in electrical and electronic equipment) before it took effect. (See pages 10, 15)
- All plants, along with five major manufacturing subsidiaries and one of the group manufacturing companies in Japan, developed zero emission systems with the goal of eliminating emissions that eventually become landfill. (See pages 10, 22)
- We reached our target for greenhouse gas emissions reduction during fiscal year 2006. (Pages 10, 19)
- We reviewed the Nikon Environmental Action Plan for fiscal 2009 and extensively set targets for Nikon Group companies including those for reducing greenhouse effect gas emissions. (See page 11)
- Nikon is pursuing Group-wide integration of ISO 14001 certification activities in order to expedite adoption of the "Nikon Environmental Action Plan" and more efficient operations. We also established EMS integration targets including those for operation sites outside Japan. (See pages 8, 10, 11)
- We released the first Nikon CSR Report in fiscal 2006, and its GRI Guideline Comparison Table appears in this report. (See page 38)

Issued by

Environmental & Technical Administration Dept.
NIKON CORPORATION

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Contents

The cover design expresses a world where Nikon's corporate activities are in harmony with nature. The lens, the foundation of Nikon corporate activity, projects air, water and earth onto a green leaf symbolising life.

Message from Management

"Recycling"… "coexistence"… these are key concepts that have served as guidelines for the broad range of activities we have undertaken in the name of environmental preservation since 1992, when we issued the "Nikon Basic Environmental Management Policy."

We are now shifting to a recycling society as a result of growing environmental concerns, including global warming and the exhaustion of energy and other resources. Corporate Social Responsibility (CSR), a key indicator to gauge corporate value, is becoming more important than ever before. In recognition of the importance of this developing business environment, we formulated the "Nikon Charter of Corporate Behaviour" in April of 2004. It sets forth basic action guidelines for the entire Nikon Group, including not only compliance with laws and regulations, but also defining appropriate behaviour from an ethical standpoint as a good corporate citizen. In January 2006, we made the Environmental Committee as a sub-committee of the newly inaugurated CSR Committee to enhance execution and management of environmental activities in accordance with our CSR philosophy.

We are proud to declare that we have attained numerous goals established in the "Nikon Environmental Action Plan" for fiscal 2006, which defined Group-wide mid-term environmental targets.

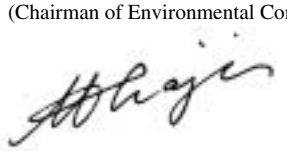
We are completely prepared to cope with the European Union's RoHS Directive limiting use of such hazardous substances as mercury, lead, cadmium, hexavalent chrome in electrical and electronic equipment for cameras, binoculars and other consumer products. We are also moving to reduce the environmental impact of such substances in IC and LCD steppers, measuring and surveying instruments, and other industrial products by taking each product's characteristics into account. We are adopting lead-free soldering technology, developing environment-friendly surface treatments and researching more eco-friendly materials. In October 2005, we established "Nikon Green Procurement Standards" according to our environmental policy in component and material procurement, in cooperation with our supply chain. Nikon plants achieved their fiscal 2006 environmental targets to reduce greenhouse effect gas emissions.

We are reviewing and expanding the "Nikon Environmental Action Plan" for fiscal 2007 to address the major issue of global warming. We will continue to make digital cameras, steppers and other products, as well as large-scale manufacturing operations in Japan and elsewhere, more energy efficient. To execute the "Nikon Environmental Action Plan" and make operations more efficient overall, we will promote acquisition of Nikon Group-wide integrated certification in fiscal 2007.

By the end of fiscal 2006, Nikon head office and all Nikon plants had acquired ISO 14001 integrated certification. We aim for the entire Nikon Group, including five major manufacturing subsidiaries in Japan, to attain this certification in fiscal 2007. Ultimately, all Nikon manufacturing sites worldwide will acquire this certification.

Through these environmental activities, we are putting more people on the path to prosperity. We hope that this report provides a clear picture of our corporate activities for achieving environmental conservation and sustainability. We welcome and greatly appreciate your input.

Mamoru Kajiwara
Nikon Corporation
Managing Director, Member of the Board
& Senior Executive Officer
(Chairman of Environmental Committee)



Company Profile

Company Profile

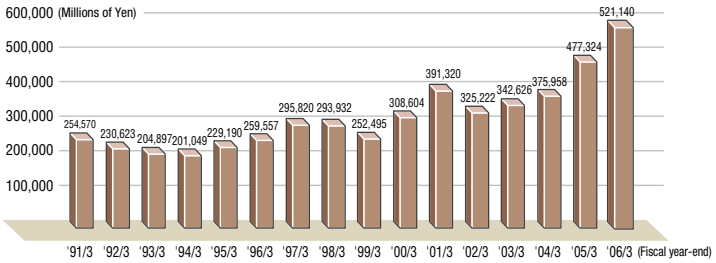
Corporate Name:	NIKON CORPORATION
Head Office:	Fuji Bldg., 2-3, Marunouchi 3-chome, Chiyoda-ku, Tokyo 100-8331, Japan Tel: +81-3-3214-5311
Established:	July 25, 1917
Capital: (as of March 31, 2006)	¥36,660 million
Net Sales: (for year ended March 31, 2006)	¥730,943 million (Consolidated) ¥521,140 million (Non-consolidated)
Number of Employees: (as of March 31, 2006)	18,725 (Consolidated) 4,352 (Non-consolidated)
Primary Business:	Manufacture and sales of optical instruments

Major Products of Nikon Group

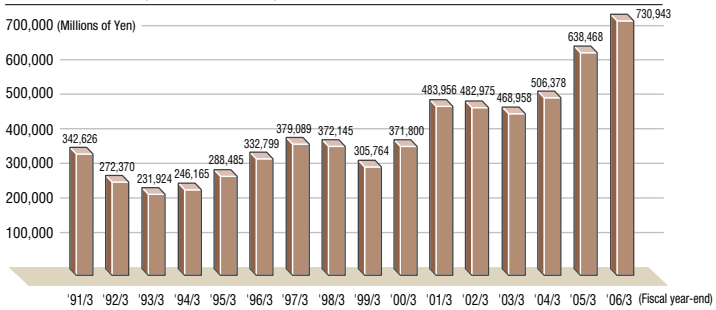
Precision Equipment Business (Precision Equipment Company*)	IC steppers/LCD steppers
Imaging Products Business (Imaging Company*)	Digital cameras/Film cameras/Interchangeable lenses/ Speedlights/Film scanners/Photographic accessories/ Software
Instruments Business (Instruments Company*)	Biological microscopes/Industrial microscopes/ Stereoscopic microscopes/Measuring instruments/ Inspection equipment
Customised Products Business (Customised Products Division*)	Customised optical equipment/Space-related equipment/ Astronomy-related equipment/Optical components
CMP Systems Business (CMP Division*)	CMP systems
Glass Business (Glass Division*)	Glass business based on glass material technologies
Sport Optics Business (Nikon Vision Co., Ltd.)	Binoculars/Monoculars/Fieldscopes/Fieldmicroscopes/ Loupes/Large-objective-diameter binoculars/ Sightseeing binoculars/Laser rangefinders
Surveying Instruments Business (Nikon-Trimble Co., Ltd.)	Total stations/GPS products/Construction lasers/ Theodolites/Automatic levels/Surveying CAD systems
Eyewear Business (Nikon-Essilor Co., Ltd.; Nikon Eyewear Co., Ltd.)	Ophthalmic lenses/Hearing aids/Ophthalmic frames/ Sunglasses/Pendant loupes

*These companies/divisions are part of Nikon Corporation's internal structure.

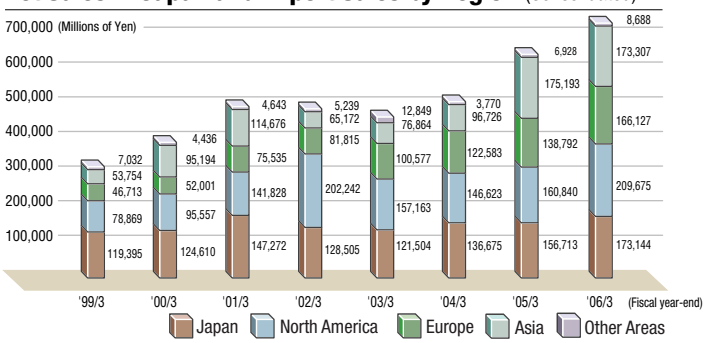
Net Sales (Non-consolidated)



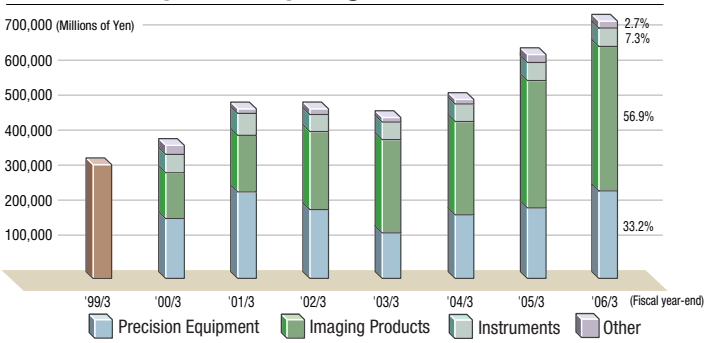
Net Sales (Consolidated)



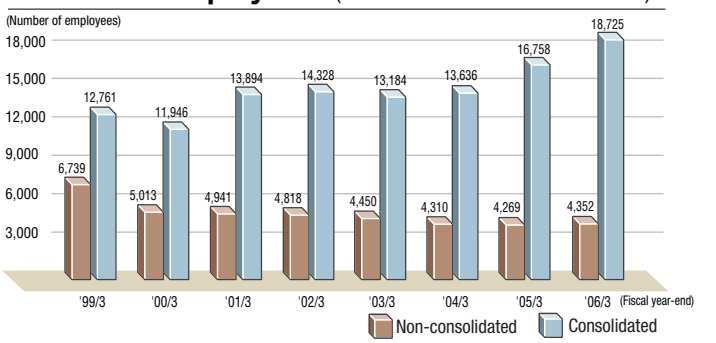
Net Sales in Japan and Export Sales by Region (Consolidated)



Net Sales by Industry Segment (Consolidated)



Number of Employees* (Non-consolidated/Consolidated)



* Since fiscal 2000, the non-consolidated employee figure has not included personnel dispatched to subsidiaries and associated companies.

Environmental Policy

Nikon made its official stance regarding environmental management activities in 1992, when it created and implemented the "Nikon Basic Environmental Management Policy", and has continued to be active in environmental conservation. In March 2000, we devised the corporate strategy called "Vision Nikon 21"*, which describes the direction of Nikon Group activities. Nikon also redefined its corporate philosophy for the new century, using the keywords "Trustworthiness and Creativity". Now we have the "Nikon Charter of Corporate Behaviour", established in April of 2004. It outlines the Nikon Group's approach to executing our corporate philosophy, stresses the importance of adhering to statutes in all business activities, and sets forth guidelines for proper conduct from an ethical standpoint. Guided by our new philosophy and charter, we will continue to pursue the goals of the "Nikon Basic Environmental Management Policy".

Corporate Philosophy

Trustworthiness

Nikon:

- Is trusted and loved by people worldwide.
- Exists and prospers in harmony on all levels throughout the world.

Creativity

Nikon:

- Creates new values by maintaining pride and faith in our business and by encouraging entrepreneurial spirit.
- Appeals to people all over the world and satisfies them with efficient and useful products and services.

The Nikon Basic Environmental Management Policy

Purpose of the Policy

Nikon enacted the "Nikon Basic Environmental Management Policy" in 1992 in order to express its commitment to improvements in its local environment as well as globally, and to act as the foundation for its environmental management activities. Nikon believes that pollution prevention measures and the efficient use of resources are vital steps that must be taken, in order to be able to hand on to the next generation a healthy environment that is capable of supporting the continued development of society.

In fiscal 2002, the Nikon policy underwent a major revision in response to the anticipated needs of the coming recycling society. An outline of our action guidelines is presented below.

Action Guidelines

(1) We will make every effort to promote waste reduction, reuse and recycling, while encouraging energy and resource conservation, waste reduction and conscientious waste processing, with the goal of creating an environment-conscious recycling society.
(2) We will perform environmental and safety reviews at every stage of planning, development and design, in order to provide products that fully comply with environmental protection aims.
(3) At every stage of production, distribution, use and disposal, we will actively introduce materials and equipment that are effective in protecting the environment, strive to develop and improve technologies in this area, and work to minimise environmental burdens.
(4) We will meet targets for reduction of environmental burdens and use of harmful substances, and continue to improve our environmental management system through environmental audits and other means.
(5) We will develop and follow a rigorous code of standards, in addition to observing all environmental conservation treaties, national and regional laws and regulations.
(6) We will conduct ongoing education programmes to further employee knowledge of environmental issues and promote employee involvement in environmental activities.
(7) We will provide suppliers with guidance and information to promote optimal environmental protection activities.
(8) We will participate actively in the environmental protection programmes of society at large, and implement information disclosure.

*For detailed information on "Vision Nikon 21", please visit the "Portfolio" area of our website.

The Nikon Environmental Symbol

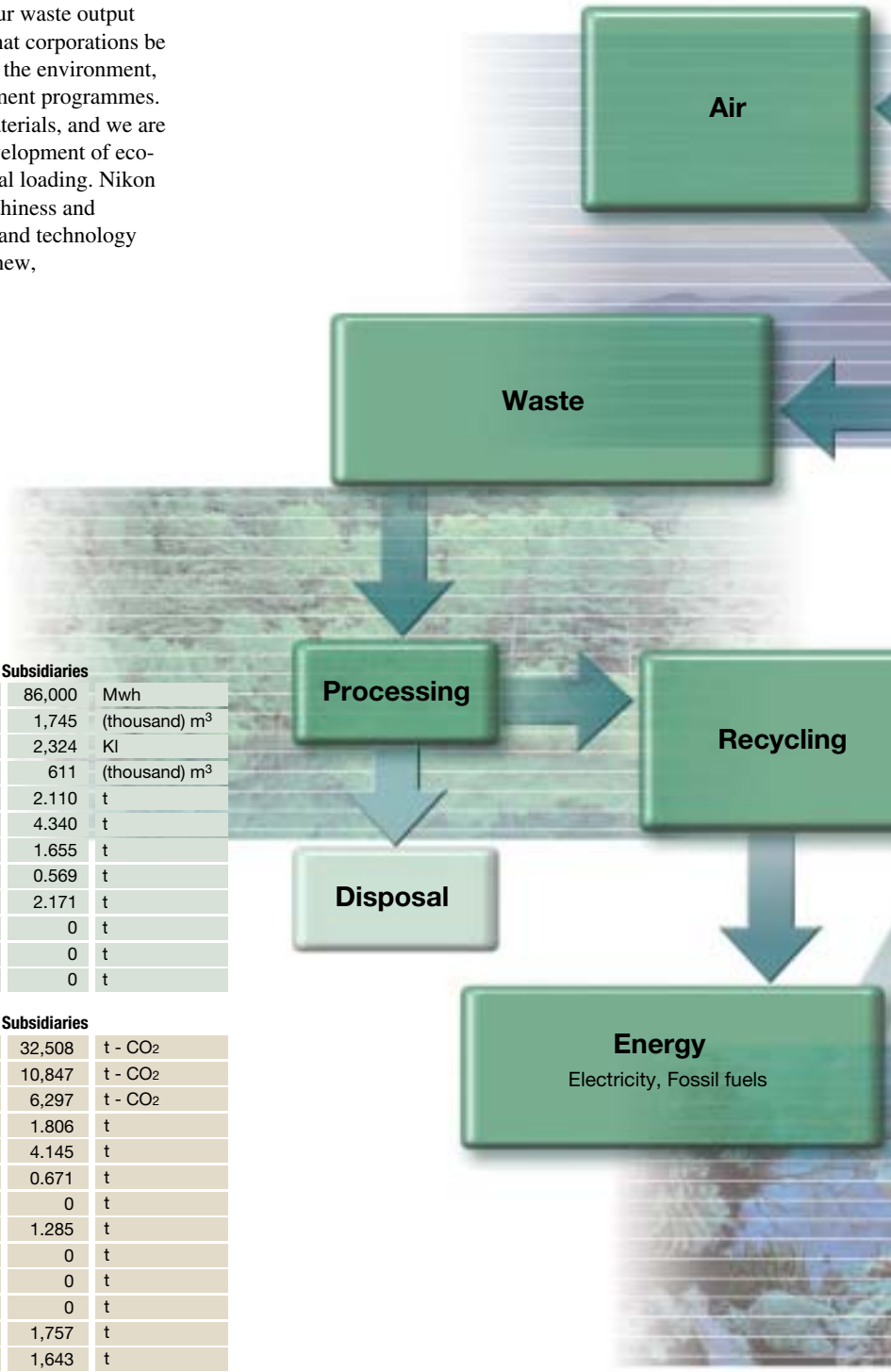
This symbol was created and introduced in 1998 to represent the environmental conservation and improvement activities being undertaken by the Nikon Group.

Nikon and the Environment

A corporation is like a living organism, functioning within the global environment. As it grows, it provides products and services to society and continues to grow, and during this time it consumes various resources and energy, and generates numerous types of waste.

It is crucial that we recognise the importance of recycling and conservation — particularly reductions in the use of energy and resources. We must also continue working to reduce our waste output until it has virtually been eliminated. It is imperative that corporations be aware of the impact their operations may be having on the environment, and implement more sophisticated ecological management programmes.

Nikon is continuing its efforts to reduce waste materials, and we are also actively pursuing unique activities such as the development of eco-glass, which will significantly reduce our environmental loading. Nikon operates based on its corporate philosophy, "Trustworthiness and Creativity", and today we are applying the experience and technology gained through decades of work in the field to form a new, environmentally harmonious corporation.



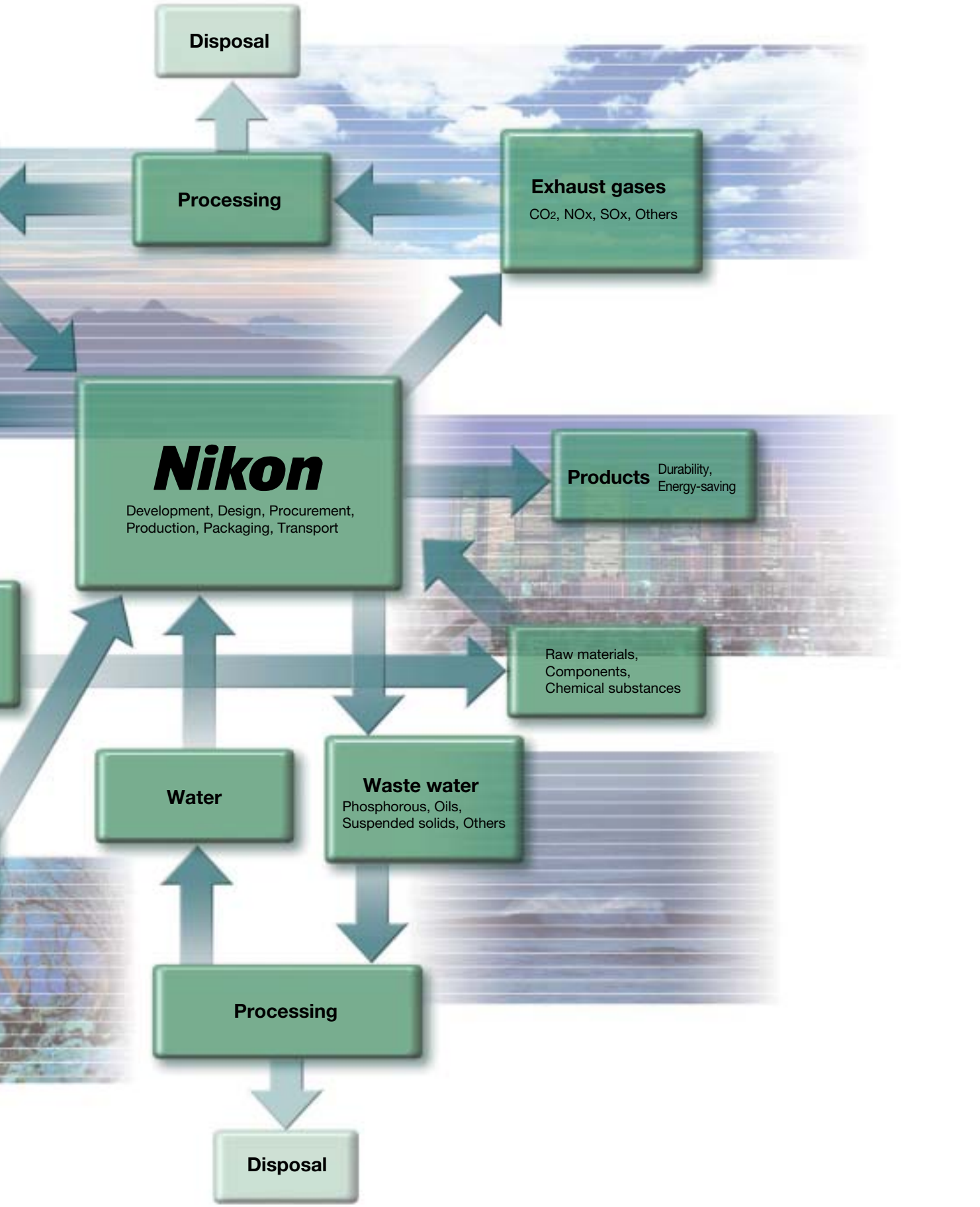
Primary environmental loading

Input		Nikon	Subsidiaries	
Energy	Electricity	164,990	86,000	Mwh
	Gas	6,020	1,745	(thousand) m^3
	Heavy oil	322	2,324	Kl
	Water	1,283	611	(thousand) m^3
PRTR substance	1,1-dichloro-1-fluoroethane	0	2.110	t
	Dichloropentafluoropropane	0	4.340	t
	Xylene	0	1.655	t
	Hexavalent chrome	0	0.569	t
	Toluene	1.168	2.171	t
	Lead and lead compounds	3.401	0	t
	Nickel compound	0.592	0	t
	Boron and boron compounds	6.041	0	t

Output		Nikon	Subsidiaries	
CO_2 exhaust	Electricity	62,522	32,508	t - CO_2
	Gas	12,697	10,847	t - CO_2
	Heavy oil	873	6,297	t - CO_2
PRTR substance exhaust	1,1-dichloro-1-fluoroethane	0	1.806	t
	Dichloropentafluoropropane	0	4.145	t
	Xylene	0	0.671	t
	Hexavalent chrome	0	0	t
	Toluene	0.934	1.285	t
	Lead and lead compounds	0.002	0	t
	Nickel compound	0	0	t
	Boron and boron compounds	0.004	0	t
Disposal	Amount of waste generated	2,909	1,757	t
	Amount recycled	2,777	1,643	t
	Amount of landfill	14	7	t

<Target Plants>
Ohi, Yokohama, Sagamihara, Kumagaya and Mito

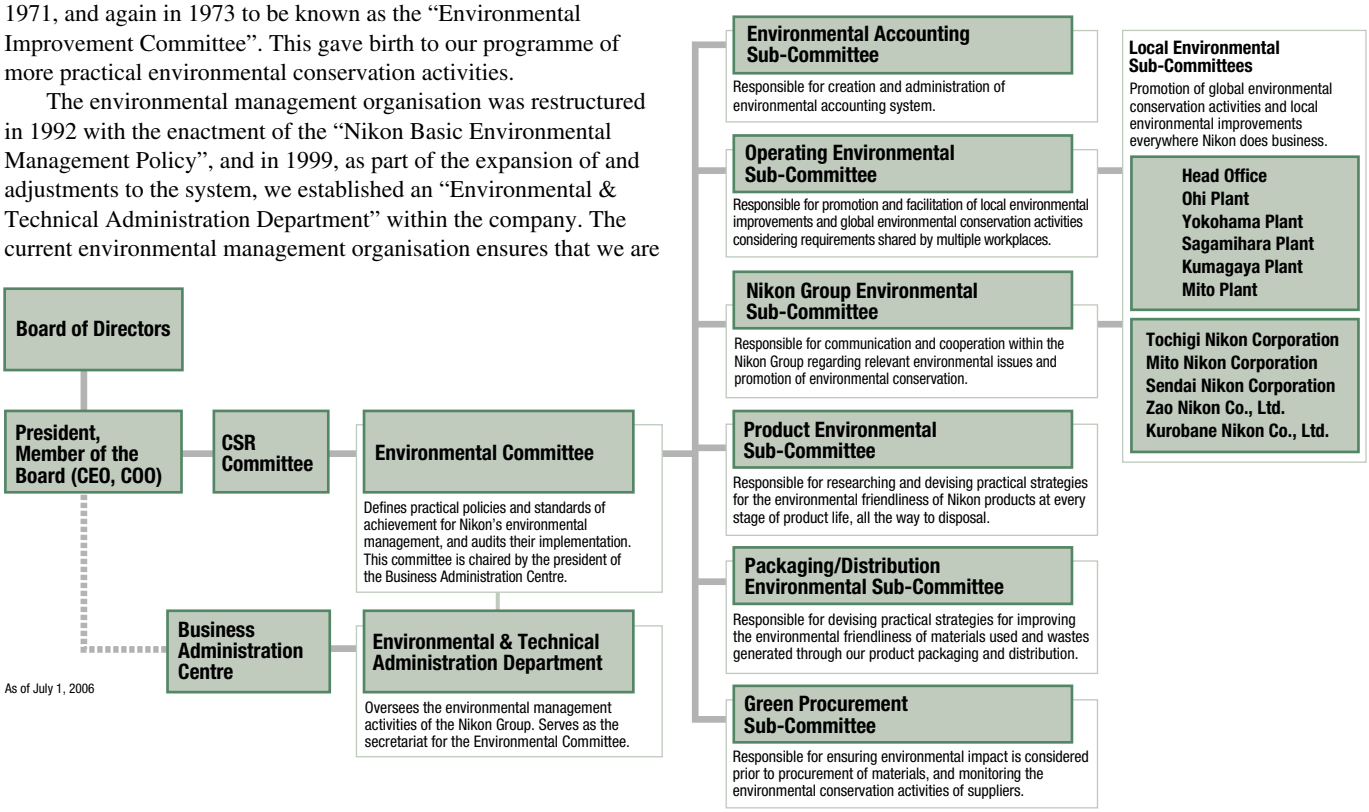
<Target Manufacturing Subsidiaries>
Tochigi Nikon, Mito Nikon, Sendai Nikon, Zao Nikon, Kurobane Nikon


Disposal
Processing
Exhaust gases
CO2, NOx, SOx, Others
Nikon
Development, Design, Procurement,
Production, Packaging, Transport
Products
Durability,
Energy-saving
Raw materials,
Components,
Chemical substances
Water
Waste water
Phosphorous, Oils,
Suspended solids, Others
Processing
Disposal

Environmental Management Organisation

Nikon first entered into environmental protection activities in 1970, when it formed its "First Pollution Response Committee". This committee was renamed the "Pollution Prevention Committee" in 1971, and again in 1973 to be known as the "Environmental Improvement Committee". This gave birth to our programme of more practical environmental conservation activities.

The environmental management organisation was restructured in 1992 with the enactment of the "Nikon Basic Environmental Management Policy", and in 1999, as part of the expansion of and adjustments to the system, we established an "Environmental & Technical Administration Department" within the company. The current environmental management organisation ensures that we are constantly kept abreast of new Japanese or international laws, treaties or regulations, or modifications to existing ones, as well as the ever-changing needs of society.



Environmental Management System

In September 1996, an international standard on environmental management systems (ISO 14001) was officially introduced by the International Standards Organisation. The intention of the standard is to promote the self-improvement of environment-related aspects of corporate activities, with the United Nation's policy for ensuring the sustainable development of the human race as its foundation.

The Nikon Group's current environmental status and schedule for obtaining ISO certification are indicated below, along with the main activities of each facility. We are integrating certification in order to expedite the "Nikon Environmental Action Plan" and more efficient overall operations.

Through earning this certification and our dedication to our environmental activities, we have not only achieved improved levels of environmental management, but have also become stricter in our classification of waste, significantly increased our recycling rate for paper, reduced our output of paper and other forms of refuse, and intensified our promotion of energy-conserving measures.

This Environmental Management System functions together with the quality standards set forth in ISO 9000 guidelines — for which each business unit has received certification — allowing us to meet our customers' needs while showing consideration for the environment, and at the same time supplying high-quality products.

		Date of Nikon Group-wide certification approval	Date of independent certification approval		Location
Nikon Group-wide certification		October 2004			
Nikon Corporation	Ohi Plant	(October 2004)	July 1998	Development of basic technology, development and design of Imaging Company products	Tokyo
	Yokohama Plant	(October 2004)	October 1998	Development, design and manufacture of Instruments Company products and LCD steppers	Kanagawa
	Mito Plant	(June 2005)	April 1998	Development of manufacturing technology, production of customised products	Ibaraki
	Head Office	(September 2005)			Tokyo
	Sagamihara Plant	(September 2005)	August 1998	Manufacture of optical glass, research and development of lenses	Kanagawa
	Kumagaya Plant	(September 2005)	August 1999	Development, design and manufacture of IC steppers	Saitama
Sendai Nikon Corporation		(April 2006)	March 1997	Manufacture of cameras, component devices for IC/LCD steppers	Miyagi
Zao Nikon Co., Ltd.		(April 2006)	March 1999	Manufacture of component devices for IC/LCD steppers, surveying instruments	Miyagi
Tochigi Nikon Corporation			September 1999	Manufacture of IC/LCD steppers, various optical lenses	Tochigi
Nasu Nikon Co., Ltd.			December 1999	Manufacture of ophthalmic lenses	Tochigi
Aichi Nikon Co., Ltd.			December 1999	Manufacture of ophthalmic lenses	Aichi
Kurobane Nikon Co., Ltd.			December 1999	Manufacture of objective lenses for microscopes, measuring instruments, inspection equipment, and optical components	Tochigi
Mito Nikon Corporation			December 1999	Manufacture of component devices for IC/LCD steppers	Ibaraki
Hikari Glass Co., Ltd. Akita Office			June 2000	Manufacture of optical glass, molded optical glass	Akita
Nikon Instech Co., Ltd.			March 2004	Sales and maintenance of microscopes, measuring instruments, inspection equipment, etc.	Kanagawa
Setagaya Industry Co., Ltd.			November 2004	Processing and assembly of parts for interchangeable camera lenses	Yamagata
Nikon Imaging (China) Co., Ltd.			June 2005	Manufacture of digital cameras and their components	China

As of July 1, 2006

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, 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.

Features

Nikon's environmental accounting features the classification of environmental costs and effects in line with our environmental preservation activities.

Basic Policy

The figures contained in our environmental accounts for fiscal 2006 include those for Nikon Corporation and our major manufacturing subsidiaries. Environmental costs (investments and expenses) are based on Nikon environmental targets and measures, as well as standards set forth in the Environmental Accounting Guidelines (2005 version) of the Japanese Ministry of 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 "Fiscal 2006 results" in the Environmental Action Plan in the next chapter. These results are the actual results of strategies implemented in response to our environmental target values.

Cost of Environmental Conservation (Fiscal 2006: Nikon Corporation only)

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	Energy-saving design, design products that use Eco-glass	-	46	46
	Production and inspection	Analysis of hazardous chemical substances	-	0	0
	Packaging and distribution	Assess transportation volume	-	0	0
	Green procurement	Investigation of hazardous chemical substances, enforcement of Green Purchasing Implementation Guidelines	-	7	7
	Product Environmental Accounts		-	53	53
Workplace environment	Energy conservation	Replacement of air conditioning systems, installation of inverters	172	18	190
	Resource recycling	Recycling of waste plastics, promotion of paper reuse, reducing water use	-	39	39
	Reduction in use of hazardous chemical substances	Reduction in use of solvents	-	1	1
	Green procurement	Enforcement of Green Purchasing Implementation Guidelines	-	0	0
	Improvement of office	Improvement of office environmental performance	-	69	69
	Workplace Environmental Accounts		172	127	298
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	179	405	585
Management activities		ISO 14001 related (EMS management, workplace education), introduction of greenery	-	414	414
Total			351	999	1,350

Classified According to Guidelines of Japanese Ministry of the Environment (Fiscal 2006: Nikon Corporation only)

Unit: millions of yen

Category	Main Activities	Investment	Expenses	Total
Cost within business area		351	464	815
Pollution prevention costs	Operations management for gas and water emissions processing equipment, maintenance of noise and vibration-emitting facilities	153	206	359
Global environment conservation costs	Energy conservation, reduction in use of harmful chemical substances, control of dangerous substances	198	114	312
Resource recycling costs	Waste reduction (recycling of waste plastics, promotion of paper reuse), waste management, reducing water use	-	144	144
Upstream/Downstream costs	Investigation of hazardous chemical substances, enforcement of Green Purchasing Implementation Guidelines	-	7	7
Management activities costs	ISO 14001 related (EMS management, workplace education)	-	468	468
R & D costs	Energy-saving design, design products that use Eco-glass	-	46	46
Social activity costs	Financial sponsorship for a wide range of activities	-	14	14
Environmental damage costs	Pollution Load levy	-	0	0
Total		351	999	1,350

Scope of Data:
Applicable Period: April 1st, 2005 to March 31st, 2006

* 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.

Fiscal 2006 Nikon Group Cost of Environmental Conservation Activities (Tochigi Nikon, Mito Nikon, Sendai Nikon, Zao Nikon, Kurobane Nikon)

Unit: millions of yen

Category		Cost within business area						Upstream/Down-stream costs	Management activity costs	R&D costs	Social activity costs	Environmental damage cost	Total	
		Pollution prevention		Global environment conservation		Resource recycling								
		Investment	Expenses	Investment	Expenses	Investment	Expenses	Expenses	Expenses	Expenses	Expenses	Expenses	Investment	Expenses
Product environment	Product development	-	-	-	-	-	-	-	-	12.1	-	-	-	12.1
	Packaging and distribution	-	-	-	-	-	-	-	-	-	-	-	-	-
	Green procurement	-	-	-	-	-	-	0.8	-	-	-	-	-	0.8
	Product Environmental Accounts	-	-	-	-	-	-	0.8	-	12.1	-	-	-	12.8
Workplace environment	Energy conservation	-	-	30.7	2.2	-	-	-	-	-	-	-	30.7	2.2
	Resource recycling	-	-	-	-	-	0.9	-	-	-	-	-	-	0.9
	Reduction in use of hazardous chemical substances	-	-	-	-	-	-	-	-	-	-	-	-	-
	Green procurement	-	-	-	-	-	-	0.4	-	-	-	-	-	0.4
	Improvement of office	-	-	-	-	-	-	-	2.3	-	-	-	-	2.3
	Workplace Environmental Accounts	-	-	30.7	2.2	-	0.9	0.4	2.3	-	-	-	30.7	5.8
Response to laws and regulations		43.1	124.2	0.9	10.5	0.9	64.0	-	-	-	-	-	44.9	198.7
Management activities		-	-	-	-	-	-	-	87.6	-	0.8	1.2	-	89.7
Investment		43.1	-	31.6	-	0.9	-	-	-	-	-	-	75.6	-
Expenses		-	124.2	-	12.7	-	64.9	1.2	90.0	12.1	0.8	1.2	-	307.0
Total														382.6

The Ongoing Challenge

In addition to faster, more efficient collection of environmental cost data, we also seek to improve our methods for gauging the effects of our activities, in order to clearly illustrate the relationship between costs and effects.

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 for Fiscal 2001”. Now we have the revised plan as the “Environmental Targets for Fiscal 2006”, which comprises the first year’s target of the “Nikon Environmental Action Plan for Fiscal 2006”. It separates the targets into 13 categories representing the product and workplace environments as shown below.

Fiscal 2006 results and Nikon’s evaluation of them are also shown.

The Nikon Environmental Action Plan for Fiscal 2006

Product Environment

Theme	Fiscal 2006 environmental targets	Fiscal 2006 results	Evaluation
Energy conservation (prevention of global warming)	[Energy efficiency] • More than 30% improvement in overall energy efficiency of new products released, compared with figures of similar products already released.	• 83% (83%) of the 23 applicable new products, achieved 30% or greater improvement in energy efficiency. These products achieved simple average improvement of 57% (62%).	○
Reduction in use of hazardous chemical substances	[Eco-glass usage ratio] • Use of Eco-glass in 100% of new optical designs for consumer products, and at least 96% for industrial products.	• Consumer products: 100% (100%). Industrial products: 96.5% (95.5%).	○
	[Lead-free solder] • Use of lead-free printed circuit boards for electronic components in 100% of consumer products and at least 50% of new industrial products by fiscal year end.	• Consumer products: 100% (61%) Industrial products: 67% (20%).	○
	[Hexavalent chrome, lead, cadmium, mercury, PBB, PBDE, PVC] • Completion of preparations to clear RoHS Directive requirements.	• Preparations to meet RoHS Directive requirements completed. (Major reduction)	○
	[Ozone layer-depleting substances] • Reduction of IC and LCD steppers using HCFC as a refrigerant to fewer than 15% of all products.	• 15.9% (23%).	△
Green procurement	[Reduction in use of hazardous chemical substances] • Performance investigation and management implemented for all consumer products (including sales promotion, repair parts, etc.) and major components of Industrial products.	• Target achieved in consumer and industrial fields.	○
Packaging and distribution	[Greenhouse effect gas emissions] • Gauging CO_2 emissions in distribution in Japan.	• Determined fundamental assessment policy and implemented estimation	△

Workplace Environment

Theme	Fiscal 2006 environmental targets	Fiscal 2006 results	Evaluation
Energy conservation (prevention of global warming)	[Greenhouse effect gas emissions] • Reduction in annual emissions (converted to CO_2) per net sales of at least 25%, compared to levels for fiscal 2002.	• 29% reduction (25% reduction).	○
Waste reduction	[Zero emissions] • Continuance of zero-emission systems at all plants and major manufacturing subsidiaries in Japan, and their extensive application to other workplaces. [Waste generation] • Reduction in amount of waste generation of at least 25%, compared to fiscal 2001.	• Target achieved. • 21% reduction (18% reduction).	○ △
Reduction in use of hazardous chemical substances	[Chlorinated organic solvents] • Elimination of use of chlorinated organic solvents in wash at workplaces, including major manufacturing subsidiaries in Japan, by fiscal year end.	• Target achieved.	○
Green procurement	[Eco-procurement products] • Conformity with guidelines for at least 80% of all products.	• 89% (79%)	○
ISO 14001	[Integrated certification] • Nikon certification acquired.	• Target achieved.	○

*In the section titled, “Results through fiscal 2006”, the data in parentheses are results through fiscal 2005.
Symbols: Circle indicates progress on-schedule; triangle denotes insufficient effort;

We reviewed the "Nikon Environmental Action Plan" and formulated the "Nikon Environmental Action Plan for fiscal 2007" which includes objectives targeted for completion by fiscal 2009. By integrating its environmental management system (EMS), Nikon is realising its intentions for environmental management throughout the Nikon Group as it develops its EMS activities more efficiently and effectively. Unbound by limits, this action plan covers the entire Nikon Group including subsidiaries and related companies worldwide.

The Nikon Environmental Action Plan for Fiscal 2007

Product Environment

Theme	Midterm/long-term environmental targets	Targets for fiscal 2007
Energy conservation (prevention of global warming)	[Energy efficiency] • More than 30% improvement in overall energy efficiency of new products released between fiscal 2007 and fiscal 2009, compared to similar existing products.	• Improvement of 30% or greater.
Reduction in use of hazardous chemical substances	[Eco-glass usage ratio] • Maintaining use of Eco-glass in new optical designs for 100% of consumer products and for at least 98% of industrial products by fiscal 2008. Targeting at least 97% shipment ratio in optical glass division by fiscal 2009.	• 100% of consumer products, at least 97% of industrial products and at least 95% in shipment ratio of optical glass.
	[Lead-free solder] • 100% use of lead-free PC boards for new electronic components for consumer products by fiscal 2007 and thereafter, and at least 95% use for industrial products by fiscal 2009.	• Maintaining 100% use for consumer products, and at least 75% use for industrial products.
	[Hexavalent chrome, lead, cadmium, mercury, PBB, PBDE, PVC] • Continue compliance with RoHS Directive and establish management system by fiscal 2007. • Drastic reduction in use of hexavalent chrome in surface-treatment processes.	• Continue compliance and establish management system. • Reduction.
	[Ozone layer-depleting substances] • Total elimination of HCFC as a refrigerant in IC and LCD steppers shipped in fiscal 2009.	• Reduction of products utilising HCFC to12% or fewer of total products shipped.
Green procurement	[Reduction in use of hazardous chemical substances] • Implementation of green procurement activities for all products in consumer and industrial fields.	• Continuation of green procurement in consumer fields. Implementation of green procurement for major products in industrial field.
Packaging and distribution	[Greenhouse effect gas emissions] • Reduction in CO_2 emissions of 3% compared with fiscal 2007 for distribution in Japan, by fiscal 2009.	• Implementation of the process to gauge CO_2 emissions in distribution in Japan.

Workplace Environment

Theme	Midterm/long-term environmental targets	Targets for fiscal 2007
Energy conservation (prevention of global warming)	[Greenhouse effect gas emissions] • Reduction in annual emissions (converted to CO_2) per net sales of 35% by fiscal 2011 and at least 30% by fiscal 2009, both compared to levels for fiscal 2002, at all Nikon plants and major manufacturing subsidiaries in Japan.	• Reduction of at least 20%.
Waste reduction	[Waste generation] • Reduction in amount of waste generated of at least 20%, compared to fiscal 2001, at all Nikon plants and major manufacturing subsidiaries in Japan.	• Reduction of at least 10%.
Green procurement	[Eco-procurement products] • Conformity with guidelines for at least 90% of all products by fiscal 2007 and thereafter.	• Conformity with guidelines for at least 90% of all products.
ISO14001	[Integration of environmental management systems] • Complete system integration for major overseas manufacturing subsidiaries by fiscal 2008. Complete system integration for major Nikon Group places of business by fiscal 2009.	• Certification of Nikon Corporation and major manufacturing subsidiaries in Japan completed.

Note: Midterm/long-term environmental targets are for fiscal year 2009, unless specified otherwise.

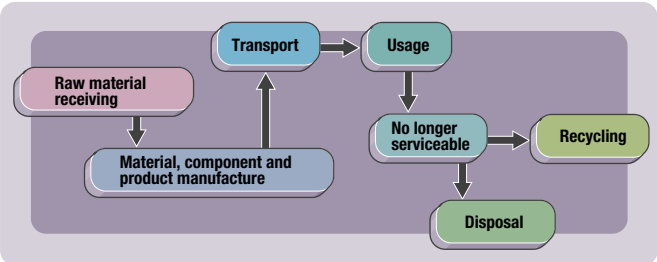
Product Assessment

To minimise the adverse environmental effects of our products throughout their life cycles (see diagram below), Nikon formulated its own product assessment system in 1995. This system makes it possible to quantify the degree of reduction of environmental impact during product development.

From 1995 we implemented this system in all product development and design departments, in order to actively decrease environmental loading caused by our products.

Nikon is constantly adding items and standards for assessment. In fiscal 2005, we introduced a revised product assessment system (7th edition) that introduces stricter standards toward the improvement of hazardous substance management, such as surface treatment. Our development and design divisions intend to redouble their efforts with the goal of a more favourable evaluation in the newest edition.

General life cycle for Nikon products



Features of Nikon Product Assessment System

- Priority placed on reducing consumption of resources and energy, recycling, long product life, reduction in use of hazardous substances, reduction and simplified processing of waste; disclosure of material information.
- Anticipation of emerging environmental issues and regulations in each country, and development of Nikon standards that take the characteristics of our products into account.
- Formulated after thorough discussion among product development teams, material engineers and other related personnel.
- Make product assessment mandatory in design reviews and related phases of product development sequences, with procedures and standards clearly defined.
- Vigilance in product improvement from one model to the next.
- Support designers by building and maintaining an environmental database of material information (Eco-glass, plastics, surface-treatment materials, bonding agents, etc.), explanatory text and documentation.

Contents of the Nikon Product Assessment

- Continuing reduction in product mass, volume, and part count.
- Assessment and improvement of energy consumption based on Nikon's "Energy Efficiency" formula (product functionality/power consumed).
- Pursuit of extended product life and simpler repair.
- Reduction in amount of waste generated from consumables; appropriate customer guidance on waste processing.
- Promotion of recycling of rechargeable batteries (simplified removal, content marking and explanations).
- Simplified separation of plastics and metals.
- Disclosure of material used (display to parts pursuant to ISO11469, International Standard for plastic materials).
- Elimination of specific brominated flame retardants (suppression of dioxin in waste processing).
- Reduction in use of PVC (added chlorine and lead, cadmium and phthalates can cause problems after waste disposal).
- Elimination of ozone layer-depleting substances (specified CFCs and alternative substances).
- Reduction in use of harmful substances (heavy metals in materials such as metal, resin, electric wire, electronic components, etc.).
- Implementation of lead-free solder on boards for electronic components. (page 14)
- Introduce technologies free of harmful heavy metals such as hexavalent chrome for surface treatment such as coating and plating (page 14).
- Use of optical glass free of lead and arsenic in optical system components such as lens elements (page 13).
- Strict observance of environmental laws and regulations (battery regulations, RoHS Directive and others).
- Overall assessment (comments on degree of improvement, overall assessment points, etc.).

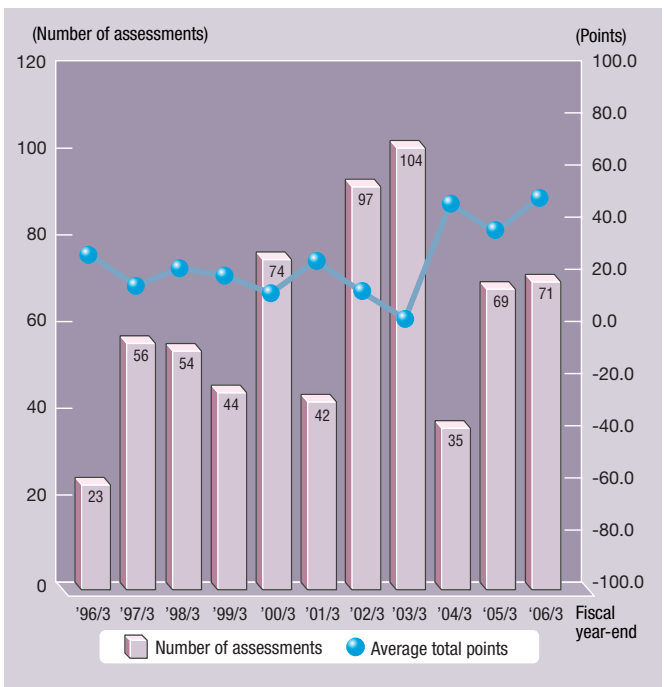
Nikon Product Assessment Record

If a product shows improvement in terms of environmental friendliness when compared with the prior model, assessment points are awarded. If the product is about the same, no points are given. If it has deteriorated, points are subtracted. The assessment point scale ranges from –100 to +100.

For the 11-year period from fiscal 1996 to fiscal 2006, a total of 663 assessments were made under this programme, with an average assessment of +20.2 points.

Nikon is continuing its efforts to improve and enhance the functionality and performance of all of its products, while releasing new products to world markets, and this assessment indicates that our environmental efforts are steadily being rewarded.

Product Assessment Results (through FY2006)



Environmentally Sound Optical Glass (Eco-glass)

Targets

[Eco-glass usage ratio]
- **Use of Eco-glass in 100% of all optical designs for consumer products, and at least 96% for industrial products.**

Nikon began full-scale work on the development of lead- and arsenic-free Eco-glass in 1995. We are employing this new glass in all of our product categories that incorporate optical systems — IC steppers, cameras, microscopes and so on. Nikon is working to minimise the risk of environmental pollution (air, water, soil and waste disposal sites) caused by optical glass containing lead and arsenic, as far as possible throughout the entire product life cycle (raw material production, manufacturing, use and disposal).

History of Eco-glass Development

Since Nikon was established in 1917 as the first optical glass manufacturer in Japan, we have placed a high priority on the development and manufacture of optical glass designed for use in optical equipment.

As part of our anti-pollution efforts, in the 1970s we ceased the use of cadmium — a toxic material — in optical glass.

In the 1990s, we investigated countless optical glass compositions, bearing in mind the possible effects of each on the environment. Approximately 100 types of optical glass contained lead or arsenic. We have recognised that this fact is one of the most significant environmental aspects of our business activities and products. Therefore, we decided to develop a new environmentally sound glass and employ it in our products.

We demanded that the new glass offer optical performance at least equalling that of the glass in use. As such, the optical glass development department and the optical design department initiated a joint effort to investigate a variety of new compositions and design factors. After development was completed and the supply stance solidified, we began introducing eco-glass into our products. Since fiscal 1999, we have used the new glass across the board in our optical design department. From the second half of fiscal 2005, we managed to use eco-glass in all Imaging Company products, such as cameras.

The Nikon Group is undergoing a major shift to eco-glass at the glass manufacturing departments of Nikon and Hikari Glass. During fiscal 2006, we achieved an eco-glass utilisation rate of over 93% of all glass shipped, at least 800t, including to non-affiliated companies.

Nikon offers an extensive range of optical equipment and, given this diversity, some products incorporate parts that may not accommodate Eco-glass. As far as technically possible, however, we intend to switch over to the new material.

Eco-glass Development Highlights

Fiscal 1996 Eco-glass development project launched full-scale.
Fiscal 1998 Eco-glass-related items added to Nikon product assessments.
Fiscal 1999 Eco-glass database completed; employed across the board in optical design.
Fiscal 2000 Development of Eco-glass composition about 80% complete.
Fiscal 2001 Development of Eco-glass composition complete.

The total cost for R&D to develop Eco-glass is 410 million yen during this term.

Eco-glass development

Rates of Eco-glass utilisation in new optical designs (Rates are calculated based on component units.)

	All products	Consumer products (Cameras, binoculars, etc.)	Industrial products (IC steppers, microscopes, etc.)
Fiscal 2000	77.1 %	-	-
Fiscal 2001	86.1 %	-	-
Fiscal 2002	78.1 %	-	-
Fiscal 2003	92.2 %	-	-
Fiscal 2004	94.7 %	96.6 %	94.5 %
Fiscal 2005	95.8 %	100 %	95.5 %
Fiscal 2006	96.8 %	100 %	96.5 %

Rates of Eco-glass utilisation in glass manufacturing departments

(Rates are calculated based on amount of all materials shipped)

Fiscal 2001	53.6% (glass manufacturing at Nikon)
Fiscal 2002	75.8% (glass manufacturing at Nikon)
Fiscal 2003	83.5% (glass manufacturing at Nikon)
Fiscal 2004	87.4% (839/960t) (glass manufacturing at Nikon and Hikari Glass)
Fiscal 2005	91.7% (989/1,079t) (glass manufacturing at Nikon and Hikari Glass)
Fiscal 2006	93.0% (777.4/836.1t) (glass manufacturing at Nikon and Hikari Glass)

Lead-free Solder, Surface Treatment, Reductions in Hazardous Substance Usage

Targets

[Lead-free solder]
- **Use of lead-free printed circuit boards for electronic components in 100% of consumer products and at least 50% of new industrial products by the end of fiscal 2006.**

[Hexavalent chrome, lead, cadmium, mercury, PBB, PBDE, PVC]
- **Completion of preparations to clear RoHS Directive requirements.**

To minimise hazardous substances, Nikon is promoting the use of lead-free solder in our electronic equipment as well as that produced by our group and cooperative companies. We are also developing technologies to eliminate the use of hexavalent chrome in the surface treatment of metal, and implementing technologies to reduce the use of heavy metals in coatings, inks and surface treatment. In addition, we are promoting reduced use of PVC and lead in cable, and heavy metals in metallic, plastic and electronic components.

Developments in Lead-Free Solder

We have been installing new equipment on electronics production lines at our Yokohama Plant, Sendai Nikon and other sites. We are also advancing experimentation, prototyping and evaluation of lead-free solder on electronics printed circuit boards in each product category. There have been considerable technical obstacles to overcome, and we are standardising and sharing the expertise we have gained with our product development and manufacturing technologies teams, as well as throughout the entire Nikon Group. Nikon is fully prepared to adapt and utilise new technologies in our products.

Our in-house training and technical certification system now offers a course on lead-free soldering, assisting employees in mastering the new technology. Over 160 instructors have been trained in Japan and overseas, who, in turn, are training workers involved in the actual soldering process.

The majority of the lead-free solder used at Nikon is the tin silver-copper alloy that has been most widely used in the industry, but with our wide range of products we are also required to use low-temperature tin-silver-indium-bismuth solder.

Lead-free flow furnace at Yokohama Plant

Lead-free PCB for advanced IC stepper

Examples of Lead-Free Solder Introduction and Implementation

Plans to utilise lead-free solder are being implemented under the Environmental Action Plan (page 10), and in fiscal 2006, 100% lead-free solder was used for new consumer products including the D200 digital SLR camera. Boards for existing products had also been converted to use lead-free solder.

In regards to industrial products, we are promoting the use of lead-free solder in the design and manufacture of diverse boards, and have expanded its usage to products such as steppers, microscopes and surveying instruments. 60% or more of new boards are made using lead-free solder.

We expect for all of our consumer products and more of our expanding industrial product range to use lead-free solder.

Eliminating Hexavalent Chrome from Surface Treatment

Hexavalent chrome compounds are extremely hazardous substances, but have been used extensively for many years in metal surface treatment. Nikon has been developing alternative technologies, while reviewing chemicals and processes used for chromate treatment and chrome plating. In December 2004, at the Yokohama Plant hexavalent chrome was totally eliminated from the line and replaced by a safer alternative.

Surface treatment covers a variety of different types, workplaces and components, and therefore poses a wide range of problems. As Nikon continues to stress the elimination of hexavalent chrome, we are also involved in stringent checks of other substances used in the coating, plating and chemical processes of surface treatment, such as lead and cadmium, and are working to eliminate heavy metals entirely.

Left: Conventional chrome-plated product (using hexavalent chrome)
Right: New chrome-plated product (free from hexavalent chrome)

Reductions in Use of Other Hazardous Substances

Nikon is taking steps to reduce the amounts of hexavalent chrome, lead, cadmium, mercury, PBB, PBDE and PVC in our products, as far as is technically possible.

Nikon uses its database of hazardous substances in metals, plastics and electronic components to develop products making minimal use of such substances.

Environmentally Friendly Product Development Systems and Examples of Products

Targets

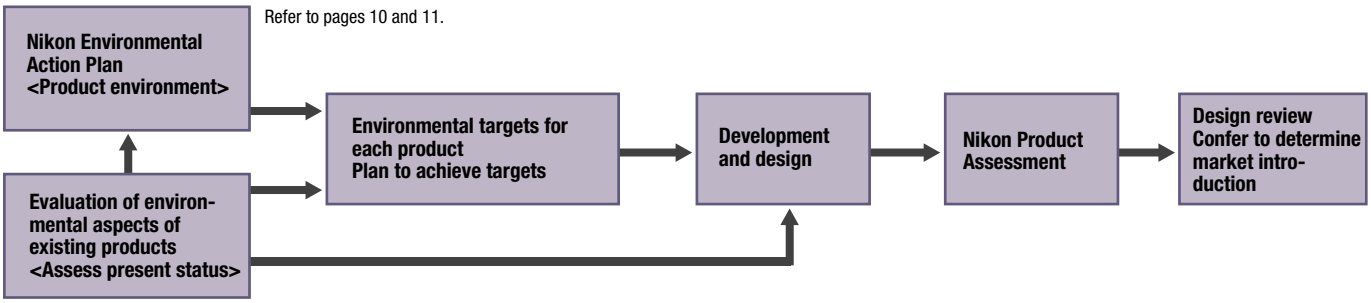
[Energy efficiency]
- More than 30% improvement in overall energy efficiency of new products released, compared with figures of similar products already released.

[Ozone layer-depleting substances]
- Reduction of IC and LCD steppers using HCFC as a refrigerant to fewer than 15% of all products.

As shown in the diagram below, Nikon is rapidly enhancing its products' environmental performance by gradually, steadily reinforcing "Nikon Environmental Action Plan" and "Nikon Product Assessment" content.

Each Nikon and Nikon Group company is thereby developing new environmentally conscious products with greater commitment to global resource conservation, reduced power consumption, use of Eco-glass, maximum application of lead-free and hexavalent chrome-free plating technologies and minimal use of other hazardous substances, such as PVC.

Refer to pages 10 and 11.



In fiscal 2006, Imaging Company and Nikon Vision Co., Ltd. speeded up compliance with RoHS Directive's baseline*1, which took effect July 2006 in Europe, by completing preparations to meet these standards for new and existing products (examples of which are introduced hereafter).

***1 RoHS Directive baseline**
- Applies to an extensive range of electrical and electronic products sold in Europe, to exclude use of particular materials and products unless they have no substitutes. In principle, this prohibits marketing of products containing hexavalent chrome, lead, cadmium, mercury and PBB/PBDE.
- Detailed standards had been determined by the end of summer 2005, but discussions regarding standards still continue.

Precision Equipment Company Products

● **IC stepper NSR-S208D** (shipment started in fiscal 2006)

Featuring a projection lens with a world's top-class standard and ultra-high NA of 0.82, this state-of-the-art lens-scanning KrF excimer stepper handles volume production of advanced 110nm or finer line-width devices. The optical system uses as much Eco-glass as possible. Boards utilising lead-free solder are also used.

<Energy efficiency> 27% higher than the NSR-S206D in exposure of a 300mm wafer (internal reference).
<Ozone layer protection> New HFC refrigerant with zero ODP (Ozone-depletion Potential) used for temperature control and air conditioning chillers.
<Global-warming substances> New HFE refrigerant with low global-warming potential used in equipment internal cooling.
<Lead-free solder>
At least 80% of an electronic circuit board uses lead-free solder. (Introduced successively after the start of mass production.)
<Eco-glass usage> 96%

Nikon steppers have introduced a new era in design rule shrink IC manufacture, and made major contributions to continuing improvements in resource utilisation efficiency.


NSR-S208D

● **LCD stepper FX-71S/81S** (announced in April 2005)

Developed by Nikon using technology based on multi-lens projection optical system and scanning exposure system, the FX-71S/81S achieves high resolution and exposure area covering 7th- and 8th-generation plate sizes. Greatly increases throughput (number of plates exposed per hour) and improves energy efficiency.

<Energy efficiency> The FX-71S is 56% more efficient and the FX-81S is 85% more efficient than the FX-63S in the exposure process. (Based on Nikon's calculation standards.)
<Ozone layer protection> New HFC refrigerant with zero ODP (Ozone-depletion Potential) used for temperature control and air conditioning chillers.
<Global-warming substances> New HFE refrigerant with low global-warming potential used for equipment internal cooling.
<Lead-free solder>
Some electronic circuit boards use lead-free solder. (After mass production is started.)
<Eco-glass usage> 90%


FX-71S/81S

Increasing Energy Efficiency of NSR-series IC Steppers

Nikon advances IC stepper design and manufacturing innovation with a finer IC pattern designed to raise resolution of projection optics systems, accommodate larger wafer sizes and enhance throughput to increase the number of IC cells that can be exposed within a given time.

Nikon adopted i-line (mercury lamp), KrF (Krypton fluoride excimer laser) and ArF (Argon fluoride excimer laser) as exposure light sources to reinforce resolution in its product lineup. Yet, these new higher-performance models are very energy efficient, thereby dramatically increasing the number of IC cells exposed per unit of power consumed.

Imaging Company Products

● **Digital SLR camera D200** (marketed in December 2005)

With the extra-high-quality images provided by 10.2 effective megapixels, the world's fastest start-up time, high-speed continuous shooting at five frames per second, stylish body and various advanced functions, the D200 realises picture-taking potential worthy of a high-perforamnce digital SLR camera.

<Reduced mass > 22% less mass than the D2x
<Reduced dimensions> Approx. 39% less volume than the D2x (157.5 x 149.5 x 85.5mm → 147 x 113 x 74mm)
<Simpler assembly and repair> Five electronic circuit boards are integrated into a single board, facilitating mounting, assembly and repair.
<Lead-free solder> All electronic circuit boards use lead-free solder.
<Reduction of hazardous substances> Complies with RoHS Directive baseline*1.
<Eco-glass usage > 100%

D200

● **Digital camera COOLPIX S5** (marketed in February 2006)

This compact digital still camera features a slim body (20mm thick), 3x Zoom-Nikkor ED lens, 6-megapixel CCD, large 2.5-inch LCD, rotary multi selector for fast scrolling, Pictmotion function for automatic creation of slideshows using selected image and music files, and other features at an attractive price.

<Energy efficiency> 30% higher than COOLPIX S1
<Lead-free solder> All electronic circuit boards use lead-free solder.
<Reduction of hazardous substances> Complies with RoHS Directive baseline*1.
<Eco-glass usage> 100%

COOLPIX S5

● **Digital camera COOLPIX P3, P4** (marketed in February 2006)

These compact digital still cameras feature lens shift VR (Vibration Reduction) capability to compensate for lens movement during shooting, large 2.5-inch LCD and wireless LAN support (P3 only). The VR mechanism employs new compact VR unit and VR circuitry.
Despite their 8.1 megapixel CCDs and high-performance 3.5x Zoom-Nikkor lenses, these cameras are stylishly small and attractively priced.

<Reduced dimensions> Their volume is 18% less than that of the COOLPIX P1 which has no VR mechanism, and thickness is reduced from 39mm to 31mm.
<Lead-free solder> All electronic circuit boards use lead-free solder.
<Reduction of hazardous substances> Complies with RoHS Directive baseline*1.
<Eco-glass usage> 100%

COOLPIX P3 COOLPIX P4

● **Interchangeable lens AF-S VR DX Zoom-Nikkor 18-200mm f/3.5-5.6G IF-ED** (marketed in December 2005)

With enhanced, next-generation Vibration Reduction (VRII) system and high zooming power of approximately 11x, this lens enables clear focus throughout its wide focal range, as close as 50cm (20 in.) from the subject. Also, a compact SWM (Silent Wave Motor) delivers smooth, quiet autofocusing drive performance.

< Reduced mass > 3% (15g) less mass, despite the lens' 11x zoom performance, compared to 5x AF-S VR Zoom-Nikkor 24-120mm f/3.5-5.6G IF-ED
<Lead-free solder> All electronic circuit boards use lead-free solder.
<Reduction of hazardous substances> Complies with RoHS Directive baseline*1.
<Eco-glass usage> 100%

AF-S DX VR Zoom-Nikkor
ED 18-200mm f3.5-5.6G IF-ED

Instruments Company Products

● **Digital camera set for microscope** (marketed in June 2006)

DS-Fi1: Camera head DS-L2: Camera control unit with LCD DS-U2: PC-use camera control

High-resolution 5-megapixel digital camera for a wide range of applications including observation, archiving and simple measurement of images made visible via microscope. New image processor provides superior image quality, observation functions, various scene modes and networking capability.

Reduced power consumption and improved motion picture frame rate dramatically enhances energy efficiency.

<Energy efficiency> 84% higher than the set of DS-5M, DS-L1 and DS-U1.
<Lead-free solder> All electronic circuit boards (4) use lead-free solder.
<Reduction of hazardous substances> Electronic circuit boards, mechanical parts and outsourced parts complying with RoHS Directive baseline were selected at the design stage.

DS-L2 camera control unit with LCD

● **Automatic Macro Inspection System AMI-3300** (marketed in April 2006)

To speed up inspection of IC wafer appearance, Nikon's original diffracted light reception system can handle patterns as fine as 55nm, and achieve throughput of 150 wafers per hour.
Capability to distinguish among various defects, detection sensitivity and inspection accuracy are also enhanced.
The system can inspect twice as many IC cells as a conventional model consuming the same energy.

<Energy efficiency> 100% higher than the AMI-3000.
<Reduction of hazardous substances> Plastic parts and sheet boards do not use PBB, PBDE (flame retardant), cadmium, lead and PVC.
<Ozone layer protection> CFC and HCFC refrigerants are not used.
<Eco-glass usage> 98%

AMI-3300

Nikon Group Products

● **Nikon Fieldmicroscope Series "EZ-Micro"** (marketed in November 2006.)
As the most advanced Nikon Nature Series Fieldmicroscope for field observation of insects, plants and minerals, EZ-Micro employs a prism with phase-difference compensation coating in its optical path, allowing photographers to shoot high-quality photos using a Nikon compact digital camera.

Many of its body surface materials and its packaging bag are made of bioplastics produced from corn. This conserves petroleum.

<Use of bioplastics> Four body parts and packaging materials are made of bioplastics produced from plants.
<Saving resources by using existing model parts > Camera brackets are same as those of Nikon Fieldscopes.
<Reduction in hazardous substances> No PVC in body, case and strap, according to Nikon Green Procurement Guidelines.
<Eco-glass usage> 100%

EZ-Micro

● **Fieldscope ED50/ED50 A** (marketed in September 2005)
These entry-level Nikon Fieldscope models are very portable, with 50mm objective diameter. Nikon ED glass in the objective lens compensates for chromatic aberration for clear, accurate views. Multilayer-coated lenses, prisms and dustproof glass make for exceptionally bright images.

<Reduced mass> ED50 mass is 58% less than Nikon Fieldscope EDIII. Overall length is about 30% less.
<Long-life design> Waterproof construction with nitrogen gas filling prevents raindrops from entering.
<Saving resources by using existing model parts > Eyepieces and camera brackets are same as those of existing models.
<Reduction in hazardous substances> No PVC in body, case and strap, according to Nikon Green Procurement Guidelines.
<Eco-glass usage> 100%

ED50-A

Activities in the Product Environment

Examples of Implementation in Sales

Nikon is working tirelessly to reduce the total and long-term environmental impact of its products and services. Since Nikon supplies products worldwide, we must also pay strict attention to sales and distribution activities. The following are some examples of our reuse and recycling efforts in these areas:

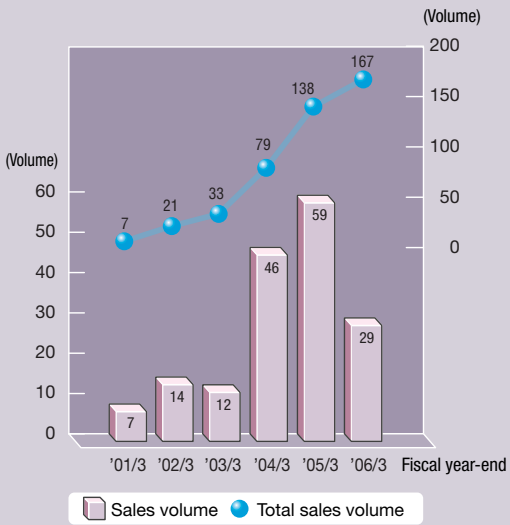
1. Sales of refurbished steppers for reuse

Since fiscal 2001, Nikon Tec Corporation has been collecting used steppers discarded by customers, then reconditioning and reselling them for new users, in Japan and overseas, with appropriate services supplied. This is an example of Nikon's willingness and capability to reuse its own products. Nikon Tec Corporation has enhanced this business by combining customer satisfaction with an aggressive stance toward environment protection, contributing to society in order to provide a secure income.

Thirty-three steppers were shipped in the period from fiscal 2001 to fiscal 2003, followed by 46 steppers in fiscal 2004, and 59 steppers in fiscal 2005. Although fewer steppers were shipped in fiscal 2006 than in the previous year, the total volume of shipments had reached 167 units by the end of fiscal 2006. The manufacturing department, which lends its efforts to the reproduction and control process, shortens the work period radically and supports business expansion by promoting the improvement of industrial tools and machines, standardising of the workflow and improving its efficiency and putting in place a framework for technical troubleshooting.

Nikon is conducting in-depth research on the needs of the semiconductor industry, in order to help companies in the field to expand their businesses. This is another area in which our dedication to environmental preservation, profitability and customer service shines through.

Sales volume of Nikon refurbished steppers



The popular NSR-220Si 12D was initially marketed in 1996.

2. Recycling of batteries

(1) In Japan

Nikon and many other companies have engaged in cooperative efforts with JBRC (Japan Battery Recycling Centre) to collect and recycle rechargeable batteries for Nikon digital cameras and other products discarded by consumers.

(2) In Europe

Our subsidiaries participate in recycling associations that collect and recycle used camera batteries according to local rules and regulations of each nation.

3. Recycling of used Nikon products in Europe

The WEEE Directive* issued by the EU guides nations to enact laws and regulations as well as establish used product collection/recycling systems. Accordingly, Nikon's European subsidiaries, led by that in the Netherlands, prepared to accommodate enforcement of such new laws and regulations for collection/recycling of digital cameras and other Nikon products in respective markets.

By the end of fiscal 2006, Nikon had participated in or registered with collection organisations in 15 nations including the Netherlands, Germany, Sweden and Spain, and prepared to collect Nikon products.

Also, at the design and manufacturing sites, recycling-oriented product design, markings and messages requesting customer cooperation have been prepared to facilitate used product collection/recycling.

However, nations like the U.K. and France are behind schedule in enacting and enforcing relevant laws and systems, and it is not completely clear which products the laws apply to, so Nikon continues to make progress on these issues as they apply to each nation.

Recycling mark in EU

*WEEE Directive of EU stipulates that manufacturers of major electric and electronic equipment are responsible for recycling used products as of August 2005.

Activities in the Product Environment

Packaging and Distribution

Targets

[Greenhouse effect gas emissions]
- **Gauging CO_2 emissions in distribution in Japan**

■ Measures for Packaging

Nikon defined its "Environmental Policy Regarding Packaging Materials" in May 1998, and reviewed it in June 2000. This policy has seven main points:

1. **Elimination of hazardous substances**
2. **Reduction in volume and content**
3. **Recyclability**
4. **Safety and ease of separation of materials**
5. **Use of recycled resources**
6. **Reusability**
7. **Marking regarding packaging materials and handling precautions**

Imaging Company* is taking steps to raise loading efficiency of distribution. For example, product package dimensions were formulated to maximise utilisation of available airplane cargo space. The Company thereby reduced digital SLR camera box sizes by 20%, made instruction manuals thinner and switched from conventional containers to pallets for transportation, eliminating the need for voluminous box packaging.

Pallet transportation for digital SLR cameras

Instrument Company* continues using inserts for safe, easy separation of cushioning materials and carton boxes. Some products use pulp-mould packaging, efficiently using recycled resources.

Pulp-mould containers

Moreover, sales subsidiary companies promote vinyl chloride resin-free packaging and other environmentally friendly measures including use of biodegradable materials for the Fieldmicroscope EZ-Micro.

*These companies are parts of Nikon Corporation's internal organisation.

■ Recycling of Packaging Materials

In Japan, Nikon is consigning to the Japan Containers And Packaging Recycling Association the task of collecting/recycling packaging materials after Nikon products are sold.

■ Measures for Distribution in Japan

CO_2 emissions, major causes of global warming, are accelerating partly due to distribution in Japan, and rose about 12% from fiscal 1991 to fiscal 2003.

Nikon thereby made its fiscal year 2006 the first year of its energy-saving initiative for distribution. We are now structuring the system to gauge transportation volume (ton-km) in each company's product delivery.

For example, Nikon Logistics Co., Ltd., a transportation subsidiary, gives lectures about economical driving to its truck drivers, thereby helping to reduce fuel consumption.

Energy Conservation
(anti-global-warming measures)

Targets

[Greenhouse effect gas emissions]
- Reduction in annual emissions per net sales of at least 25%, compared to levels for fiscal 2002.

Carbon dioxide (CO_2), which is released into the atmosphere when fossil fuels are burned, is the main cause of global warming.

The Third Conference of the Parties (COP 3) to the United Nations Framework Convention on Climate Change in December 1997 stressed the need for a reduction in greenhouse effect gas emissions. The control of CO_2 emissions through savings in energy use is one way in which global warming may be slowed.

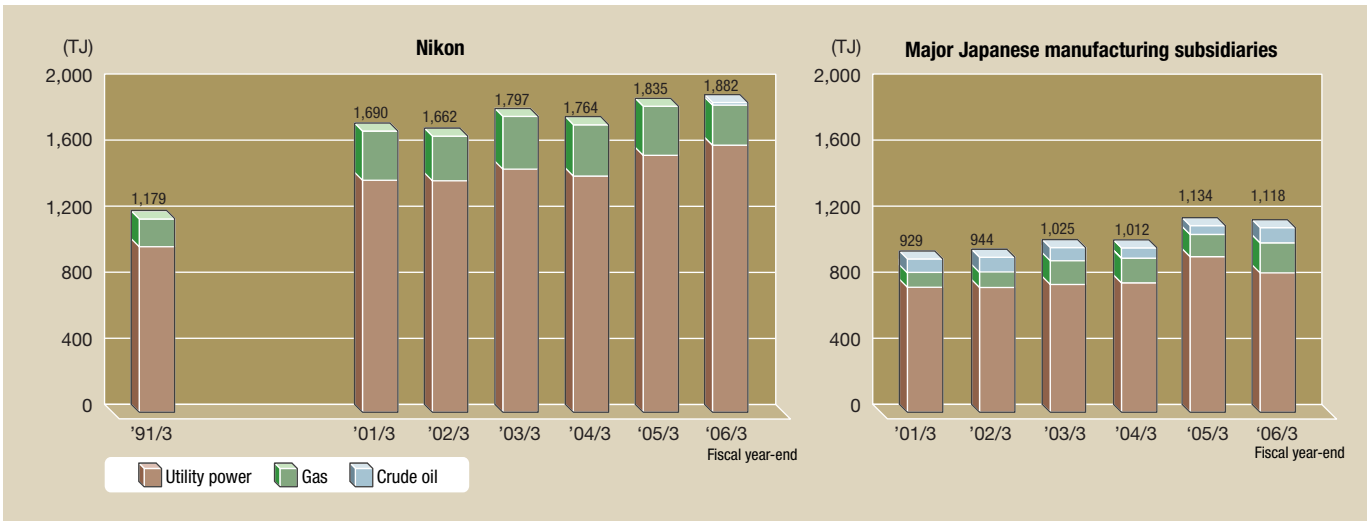
Nikon has established a target for reduction in energy use, including electricity — a major source of CO_2 emissions. In fiscal 2006, we intend to reduce the average annual emissions of greenhouse gases by at least 25% per net sales compared with fiscal 2002.

In fiscal 2006, we improved the efficiency of our air conditioning system and switched to a lighting system that uses energy more efficiently. We have also implemented and promoted various energy-saving measures such as improvements in the manufacturing process and conscientious use of lighting and office equipment. As a result, we were able to achieve a 29.1% reduction in energy use, and major Japanese manufacturing subsidiaries* were able to achieve a reduction of 18.7%, well beyond our target.

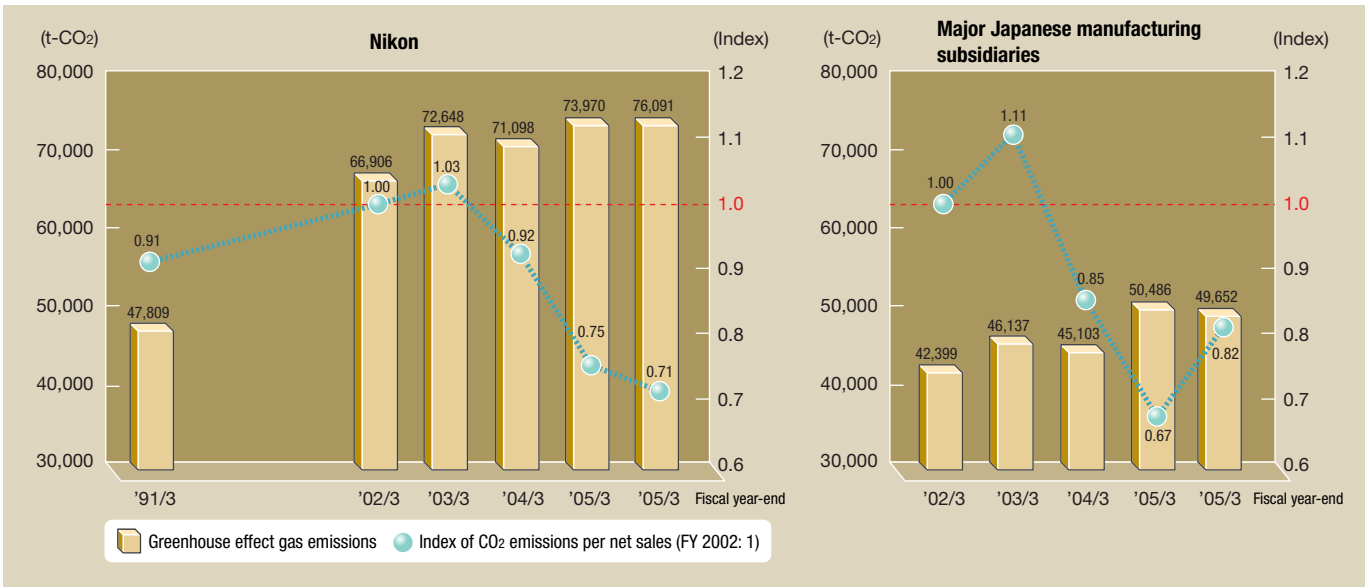
* Tochigi Nikon, Mito Nikon, Sendai Nikon, Zao Nikon, Kurobane Nikon

Energy Use (heat quantity: TJ)

TJ: 10^{12} joules



CO_2 Emission



*Standard figures for calculating CO_2 emissions are taken from the "Environmental Activities Evaluation Programme 2004" (published by the Japanese Ministry of the Environment).

Future Energy-saving Strategies

We intend to implement the following strategies as we head into fiscal 2007.

- Reduction in harmful emissions from air conditioning
- Highly efficient operation of utilities facilities
- Highly efficient operation of manufacturing facilities
- Renewal of aging facilities/equipment
- Standardisation of electrical load
- Integration of electrical facilities
- Improvements in quality control efficiency
- Introduction of cogeneration systems
- Application of natural energy sources

Promotion of Reduction and Recycling of Waste

The manufacturing industry, which evolved as part of the mass production/mass consumption system, is currently at a crossroads in terms of the way things are done.

Economic expansion has brought with it yearly increases in the amount of waste produced. Waste was for too long classified as "refuse", and simply discarded. As a result, waste has grown in amount and diversity, and there is a great deal of pressure on end-of-line disposal agencies to devise more efficient methods for disposing of waste.

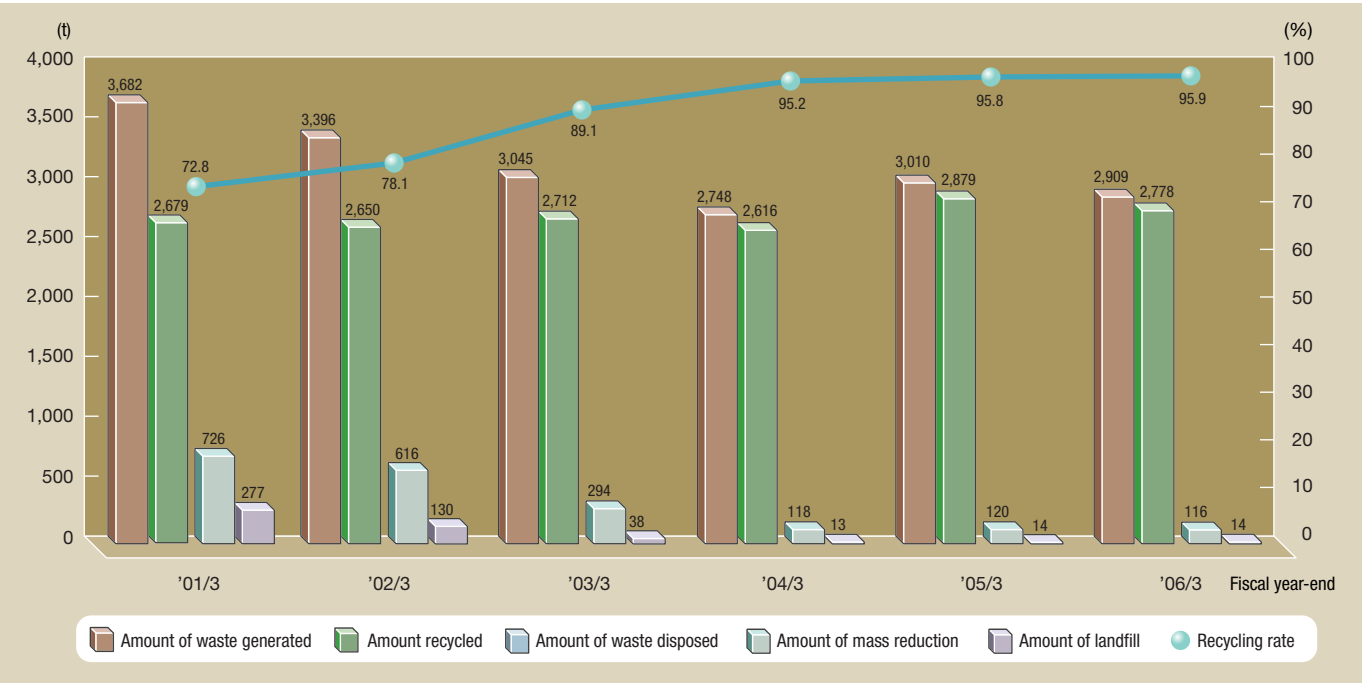
Nikon is committed to the concept of a "Resource Recycling Society", in which the world's valuable resources are used as effectively as possible. Through our activities, we are headed in the right direction in pursuit of this objective.

Generation, Disposal and Recycling of Waste (Nikon Corporation)

We implemented programmes to reduce both general and plastic waste, and strictly enforced refuse separation guidelines for this period, which enabled us to control our waste output (including that to be recycled). We also actively promoted the recycling of materials. As a result, our rate of resource recycling reached 95.5%, while we reduced landfill rate by 0.48%. We were also able to maintain zero-emission systems at all plants.

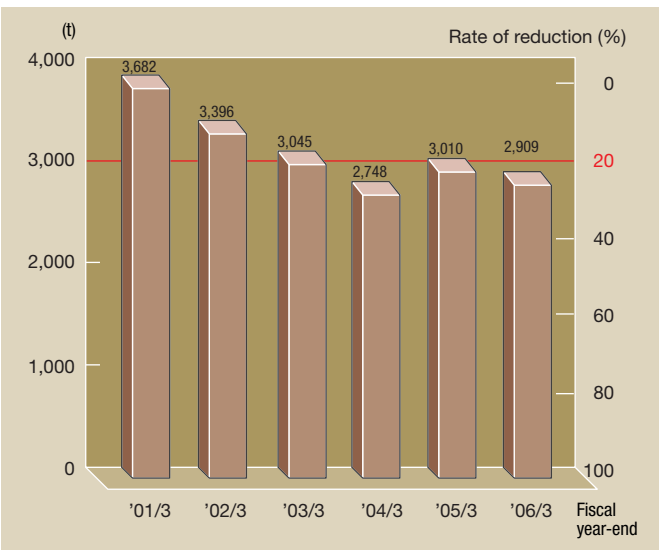
These results were achieved through utilising waste in RPF (Refuse Paper and Plastic Fuel)*1, raw material for furnaces and thermal recycling, all of which contribute to the process of recycling.

From this point forth, we will maintain our zero emission systems with emphasis on the 3R*2 principle, and we will work to develop more recycling technologies and foster relationships with recycling agencies.



*1 Solid fuel created using refuse paper and plastic
Ground waste may be used as raw material in furnaces in place of coke.
Certain waste may be burned and the heat released used as an energy source. This contributes both to the reduction of waste and to recycling.
*2 3Rs: Reduce, Reuse and Recycle

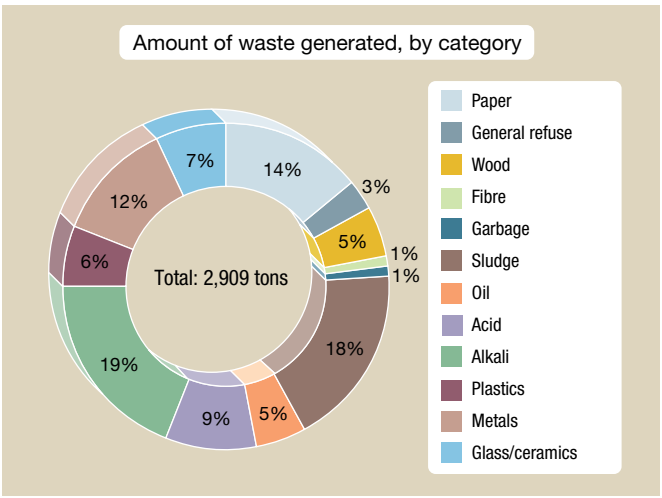
Amount of Waste Generated

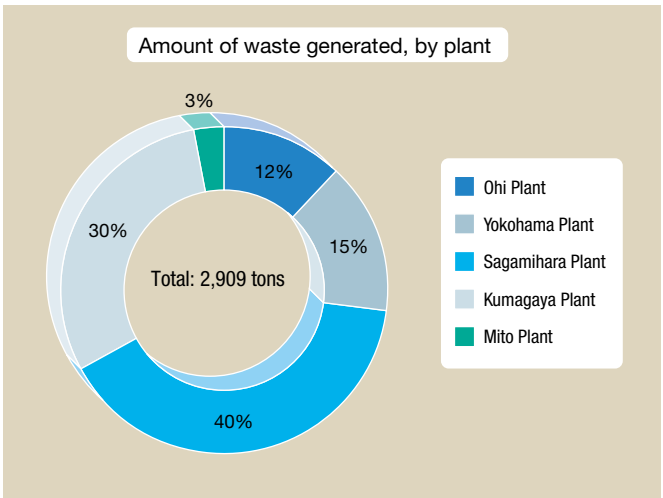


Nikon set a target to reduce waste generation by fiscal 2006 by at least 25% (compared with fiscal 2001 level per net sales) propelled by the momentum created by the 3R principle. However, following our 21.0% reduction in waste generation in fiscal 2006, we were unable to achieve that goal. The main reason was that disposal of optical glass, industry sludge and scrap metal increased due to increased production of precision equipment.

Breakdown of Waste during Fiscal 2006

The breakdown of Nikon's waste during fiscal 2006 is as shown in the graphs below.
(Figures in the graphs have been rounded up or down to the nearest whole number, so some of the graphs do not total 100%).

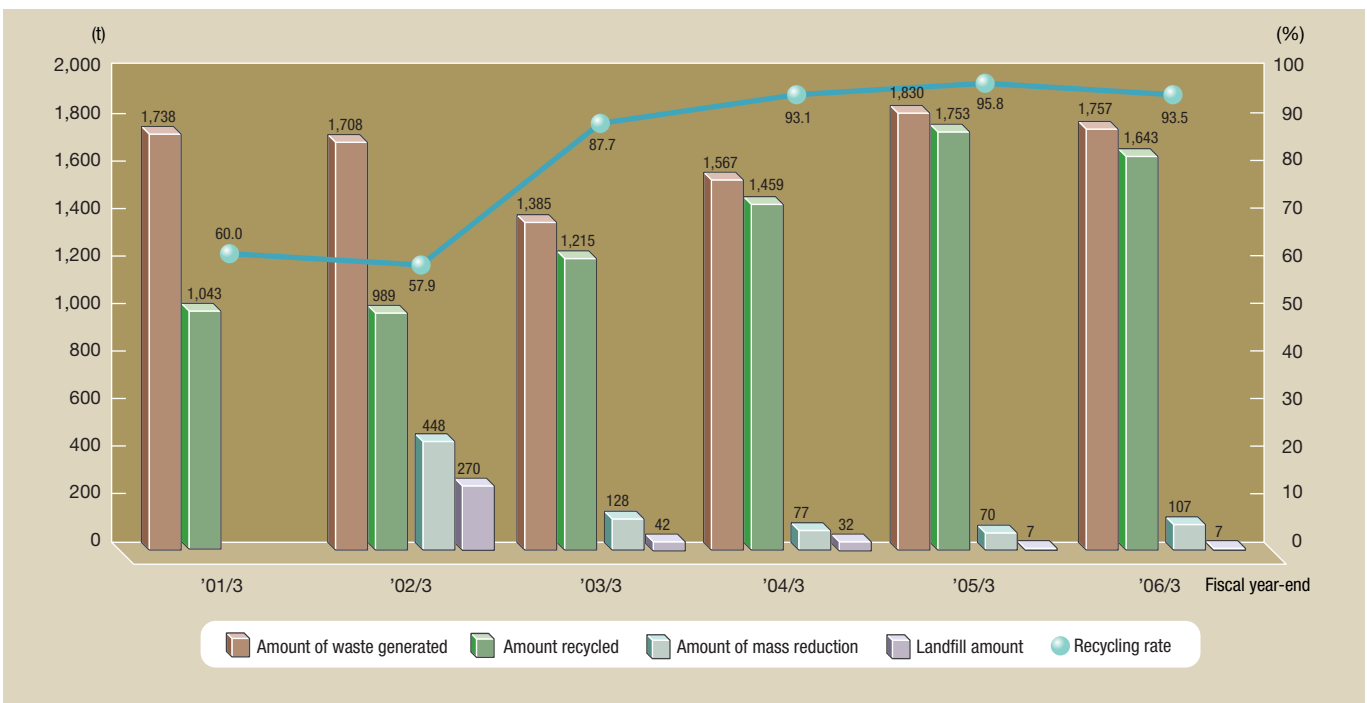




Discharge, Disposal, Recycling of Waste (major domestic manufacturing subsidiaries)

In line with Nikon policies, major manufacturing subsidiaries have also promoted reductions in general and plastic waste by enforcing segment controls in waste recycling.

As a result, they were able to achieve a 93.5% recycling level in fiscal 2006, with 0.40% landfill. They have also taken a pledge to achieve zero emissions.



Zero Emissions

Targets

[Zero emissions]
•Continuance of zero-emission systems at all plants and major manufacturing subsidiaries in Japan, and their extensive application to other workplaces.

Nikon defines zero emissions as "landfill amounting to less than 1% of the total amount of waste generated". Under the Nikon Environmental Action Plan, we established as a priority goal the achievement of zero-emission systems at all manufacturing sites in fiscal 2005, and have been working to reduce waste and promote recycling through a variety of programmes. As a result, we were able to achieve our goal well in advance of our original target date. Nikon's total waste output for fiscal 2006 was about 2,900 tons, with a landfill rate of only 0.48%, representing a significant improvement from fiscal 2001.

In the Nikon Group, a zero-emission system was attained at Nikon Sendai in February 2002, followed by the Mito Plant in September of the same year. By fiscal 2003, the Ohi, Yokohama, Sagamihara and Kumagaya plants had also achieved zero emissions. In fiscal 2004, Tochigi Nikon and Kurobane Nikon completed their zero-emission systems, and Mito Nikon and Zao Nikon also completed in fiscal 2005.

Furthermore, Nasu Nikon, a group manufacturing company, completed implementing its zero-emission system in fiscal 2006.

Definition of zero emissions: Less than 1% of total waste output is disposed of as landfill. Note that this excludes sewerage, household effluent and industrial waste water.

Examples of recycling

Paper	Recycled paper/Paper materials (toilet paper) /Solid fuel
Wood	Return to vendors/Chips (raw material/compost) /Particle boards/Thermal recycling/Solid fuel
Garbage	Return to vendors/Animal feed
Sludge	Fertiliser/Cement material/Thermal recycling
Plastic	Raw material/Reducing agent for blast furnace /Thermal recycling/Fuel for power generation
Metals	Metal materials
Glass	Materials/Roadbed materials

Nikon plants	Target to develop zero-emission system
Ohi Plant	Fiscal 2003 (completed)
Yokohama Plant	Fiscal 2003 (completed)
Sagamihara Plant	Fiscal 2003 (completed)
Kumagaya Plant	Fiscal 2003 (completed)
Mito Plant	Fiscal 2003 (completed)

Major manufacturing subsidiaries	Target to develop zero-emission system
Sendai Nikon	Fiscal 2002 (completed)
Tochigi Nikon	Fiscal 2004 (completed)
Kurobane Nikon	Fiscal 2004 (completed)
Mito Nikon	Fiscal 2005 (completed)
Zao Nikon	Fiscal 2005 (completed)

Group manufacturing company	Target to develop zero-emission system
Nasu Nikon	Fiscal 2006 (completed)

Waste Sorting and Reduction

Until recently, incineration was the most widely employed method of waste disposal in Japan. However, dioxin — a highly toxic chemical produced during incineration — is discharged into the atmosphere. It is believed that dioxin poses a serious threat to organisms at the top of the food chain — including human beings. With mass consumption accepted as the norm and a constant decrease in available landfill sites, it is more important than ever for us to make the wisest possible use of our valuable resources and reduce waste generation as much as possible.

Nikon is fully aware of the danger of dioxin and excess waste generation, and is making a serious and continuing effort to preserve our environment for our descendants through a range of activities including effective sorting and reduction of waste generation.

Recycling Day (Sagamihara Plant)

The 5th, 15th and 25th of each month are designated as Recycling Days. On these days we actively promote the recycling of unneeded resources such as paper (documents, newspapers, magazines, scrap paper, etc.) and plastic. After 13 years of continued efforts, Recycling Day is recognised as a tradition by the employees.

Reduction and Recycling Promotion
(Activity-examples of major manufacturing subsidiaries)

Sendai Nikon and Tochigi Nikon have already established zero-emission systems, and are improving storage and transport efficiency by reducing waste volume.


Waste compressor

Mito Nikon and Zao Nikon also established zero-emission systems in fiscal 2005, and are promoting the enforcement of waste sorting as well as the crushing and composting of wooden pallets.


Example of sorting (Mito Nikon)


Chips made from wooden pallets (Zao Nikon)

Recycling Garden Waste (Mito Plant)

Wood fragments from trimming hedges, etc. are pulverised and spread over the grounds to help control weed growth.

Control of Chemical Substances

Targets

[Chlorinated organic solvents]
- **Elimination of use of chlorinated organic solvents in wash at workplaces including major manufacturing subsidiaries in Japan by fiscal year end.**

Chemical substances have the potential to improve our lives in many ways, but at the same time can cause many serious problems such as ozone layer depletion, dioxin poisoning and the environmental endocrine effect — the spread of harmful elements throughout nature. In order to forestall this sort of damage, it is vital that the use of chemical substances be carefully controlled, that the amount of chemicals used is reduced, and that safer substances are substituted wherever possible.

Nikon is currently devising a management system that will enable us to effectively take all of these actions.

Substance Control Procedures

Nikon performs chemical substance control at every phase of the product life cycle, from purchase through use and disposal, in order to stop pollution caused by these substances. When first purchasing a new chemical substance, we obtain a Material Safety Data Sheet (MSDS) for the item, and carry out an assessment of the potential dangers of its use in the workplace. Based on the results of this assessment, our Environment, Safety and Hygienics section performs a review and confirmation of actions taken.

In addition to these measures, our Data Centre, located at the Ohi Plant, carries out intensive management of registration, updates and storage of MSDS.

We have also started disclosure via the intranet.

Nikon's PRTR

Each Nikon plant manages its chemical substances — from purchased inventories, to safe control, handling, use and disposal according to MSDS.

The "Nikon PRTR Guide" was released in March 2000, and the range of chemical substances under management was extended.

In March 2002, Nikon established a company system for legal notification, adding to and revising existing procedures for filling out such notifications.

Reporting quantities of one ton or more (0.5 tons or more for specific chemical substances of first kind) is by law. In accordance with the statute, here are the reports for each of our plants.

Nikon PRTR Guide

PRTR Survey Results for fiscal 2006

Nikon Corporation

Unit: kg/year

Facility	Substance No.	Substance name	Volume handled	Amount released			Amount transferred		Amount in on-site landfill	Amount removed for processing	Amount shipped in product
				Air	Public water	Soil	Sewage	Waste			
Yokohama Plant	227	Toluene	1,168	934	0	0	0	234	0	0	0
Sagamihara Plant	230	Lead and lead compounds	3,401	2	0	0	0	1,392	0	30	2,007
	304	Boron and boron compounds	6,041	4	0	0	1	2,467	0	40	3,569
Kumagaya Plant	232	Nickel compound	592	0	0	0	0	112	0	0	480

*No substances reported at the Ohi and Mito Plants.

Major manufacturing subsidiaries in Japan

Tochigi Nikon	144	Dichloropentafluoropropane	4,340	4,145	0	0	0	0	0	0	195
Sendai Nikon	63	Xylene	1,655	671	0	0	0	984	0	0	0
	69	Hexavalent chrome	569	0	0	0	0	296	0	0	273
	227	Toluene	2,171	1,285	0	0	0	886	0	0	0
Zao Nikon	132	1,1-dichloro-1-fluoroethane	2,110	1,806	0	0	0	0	0	0	304

* No substances reported at Mito Nikon or Kurobane Nikon.
* The above table includes data only for specified substances of which one ton or more (0.5 tons or more for certain chemical substances) is handled at the facility in a given year.

Reduction in Chemical Substances

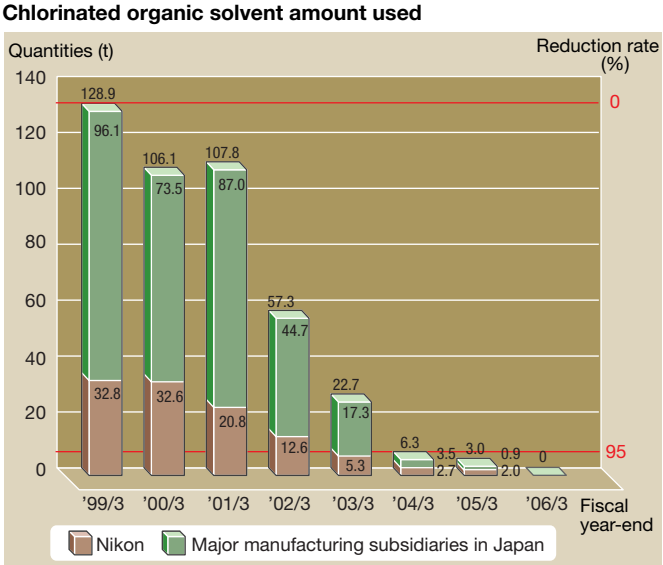
The key question is how to best reduce the amount of chemical substances used. This is more than merely avoiding the risk of environmental pollution, and in fact signifies an improvement in Nikon's design and production systems. We are constantly working to reduce the volume of chemical substances used which have the most adverse effects on the environment, searching for alternatives, and making every effort to achieve zero chemical pollution.

<Efforts to eliminate chlorinated organic solvents>

We have established a target for total elimination of chlorinated organic solvents in wash applications by the end of fiscal 2006, and are now switching over to hydrocarbon wash agents and similar substances that have minimal effect on the environment.

As the graph at right shows, chlorinated organic solvents in wash were finally eliminated.

Chlorinated organic solvent amount used



Prevention of Pollution and Conservation of Water

To help preserve air and water quality, Nikon not only observes applicable laws and regulations, but has also established its own independent plant standards for management.

Each plant regularly measures pollutants released into the air and water, and inspects equipment such as boilers and waste water processing systems periodically to ensure safety.

Air and Water Quality Environmental Data for Fiscal 2006

Ohi Plant

1-6-3, Nishi-Ohi, Shinagawa-ku, Tokyo 140-8601
+81-3-3773-1307

Air (Air Pollution Control Law, Metropolitan Regulations)

Unit: Dust: g/Nm^3, NOx (nitrous oxides): ppm

Item		Regulatory standard	Plant standard	Actual (max.)
Boiler	Dust	0.15	0.12	0.003
	NOx	45	45	41
Cooling and heating equipment/ appliance	Dust	0.15	0.12	0.001
		0.15	0.12	0.001
		0.15	0.12	0.001
	NOx	45	45	23
		45	45	25
		45	45	24

Water Quality (Sewerage Law, Metropolitan Regulations)

Unit: mg/l, except for pH

Item		Regulatory standard	Plant standard	Actual (max.)
Living environment	pH	5.8-8.6	5.9-8.5	6.5-8.1
	BOD	300	240	33.7
	SS	300	240	49.5
	n-hexane (animal/vegetable)	30	24	14.5
	Iodine demand	220	176	2.42
	Copper	3	2.4	0.1
	Zinc	5	4	0.81
	Soluble iron	10	8	0.41
	Total chrome	2	1.6	0.0
	Fluorine	15	12	0.62
	Nitrogen	120	96	9.1
	Phosphorous	16	12.8	42.9*
Health	Lead	0.1	0.08	0.00
	Dichloromethane	0.2	0.16	0.00

* Occurred May 2005 (exceeded regulatory and plant standards)
Cause: Solutions containing harmless phosphorous were mistakenly released into the general sewage system.
Corrective action: Cautionary notice plates were provided for the sinks connected to general sewage system, and cautions were given to workplace staff.

Yokohama Plant

471 Nagaodai-cho, Sakae-ku, Yokohama, Kanagawa 244-8533
+81-45-852-2111

Air (Air Pollution Control Law, Prefectural Regulations)

Unit: NOx (nitrous oxides): ppm

Item		Regulatory standard	Plant standard	Actual (max.)
Boiler	NOx	65	60	36
		65	60	33
		65	60	32
		46	42	25
		46	42	34
		46	42	27

Water Quality (Sewerage Law, Prefectural Regulations, City Regulations)

Unit: mg/l, except for pH

Item		Regulatory standard	Plant standard	Actual (max.)
Living environment	pH	5.0-9.0	5.5-8.5	6.4-7.2
	BOD	600	540	1.2
	SS	600	540	11.5
	n-hexane (mineral)	5	4.5	1.7
	Iodine demand	220	200	1.0
	Copper	1	0.9	0.0
	Zinc	1	0.9	0.01
	Soluble iron	3	2.7	0.03
	Soluble manganese	1	0.9	0.01
	Total chrome	2	1	0.0
	Nickel	1	0.9	0.02
	Fluorine	8	7	0.76
	Boron	10	8	0.29
	Nitrogen	240	135	26.9
	Phosphorus	32	18	0.1
Health	Lead	0.1	0.1	0.01
	Arsenic	0.1	0.1	0.00
	Hexavalent chrome	0.5	0.4	0.00
	Trichloroethylene	0.3	0.2	0.00
	Tetrachloroethylene	0.1	0.1	0.00
	Dichloromethane	0.2	0.1	0.00

Sagamihara Plant

1-10-1 Asamizodai, Sagamihara, Kanagawa 228-0828
+81-42-740-6300

Air (Air Pollution Control Law, Prefectural Regulations) Unit: Dust: g/Nm^3, NOx (nitrous oxides): ppm, Fluorine, lead in fusion furnace: mg/Nm^3

Item		Regulatory standard	Plant standard	Actual (max.)
Boiler	Dust	0.1	0.05	0.0038
		0.1	0.05	0.0022
		0.1	0.05	0.0023
		0.1	0.05	0.0021
		0.1	0.05	0.0017
		0.1	0.05	0.0052
	NOx	60	57	55
		60	57	57
		60	57	55
		105	100	9
		105	100	5
		60	57	24
Absorption chiller	Dust	0.1	0.05	<0.001
		0.1	0.05	<0.001
	NOx	60	57	33
		60	57	30
Fusion furnace	Dust	0.15	0.1	0.016
	NOx	800	20	<5
	Fluorine	2.5	2	<0.25
	Lead	10	5	<0.038

Water Quality (Sewerage Law, Prefectural Regulations) Unit: mg/l, except for pH

	Item	Regulatory standard	Plant standard	Actual (max.)
Living environment	pH	5.8-8.6	6.0-8.0	6.4-7.7
	BOD	300	60	37
	SS	300	90	0.08
	Zinc	5	0.5	4.3
	Fluorine	8	7.5	1.2
	Boron	10	5	17.3
	Ammoniac nitrogen	100	50	0.03
Health	Lead	0.1	0.08	<0.01
	Arsenic	0.1	0.05	

Kumagaya Plant

201-9 Miizugahara, Kumagaya, Saitama 360-8559
+81-48-533-2111

Air (Air Pollution Control Law, Prefectural Regulations) Unit: NOx (nitrous oxides): ppm

Item		Regulatory standard	Plant standard	Actual (max.)
Boiler	NOx	150	100	35
		150	100	30
		150	100	32
		150	100	32
		150	100	37
		150	100	34
		150	100	35
		150	100	86
		150	100	66
		150	100	49
		150	100	53
		150	100	53
		150	100	56
		150	100	62
		150	100	39
		150	100	39
		150	100	33
		150	100	28
		150	100	30
		150	100	29
		150	100	75
		150	100	60

Water Quality (Sewerage Law, Prefectural Regulations) Unit: mg/l, except for pH

	Item	Regulatory standard	Plant standard	Actual (max.)
Living environment	ppH	5.1-8.9	5.9-8.2	6.8-7.5
	BOD	600	150	13.0
	SS	600	50	<0.1
	n-hexane (mineral)	5	4	<0.1
	n-hexane (animal/vegetable)	30	20	<1.0
	Iodine demand	220	170	95.0
	Copper	3	0.5	<0.2
	Zinc	5	0.5	<0.05
	Soluble iron	10	3	<0.3
	Total chrome	2	1	<0.2
	Boron	10	4	<0.5
	Nitrogen	240	60	25.0
	Ammoniac nitrogen	100	30	19.9
	Phosphorous	32	15	7.8
Health	Lead	0.1	0.05	<0.01
	Hexavalent chrome	0.5	0.1	<0.05

Mito Plant

276-6 Motoishikawa-cho, Mito, Ibaraki 310-0843
+81-29-240-1112

Air (Air Pollution Control Law, Prefectural Regulations)

Unit: Dust: g/Nm^3, NOx (nitrous oxides): ppm, SOx (sulfurous oxides): Nm^3/h

Item		Regulatory standard	Plant standard	Actual (max.)
Boiler	Dust	0.3	0.27	0.011
		0.3	0.27	0.012
		0.3	0.27	0.011
	NOx	180	162	68
		180	162	86
		180	162	67
	SOx	3.25	0.67	0.047
		3.25	0.67	0.043
		3.25	0.67	0.04

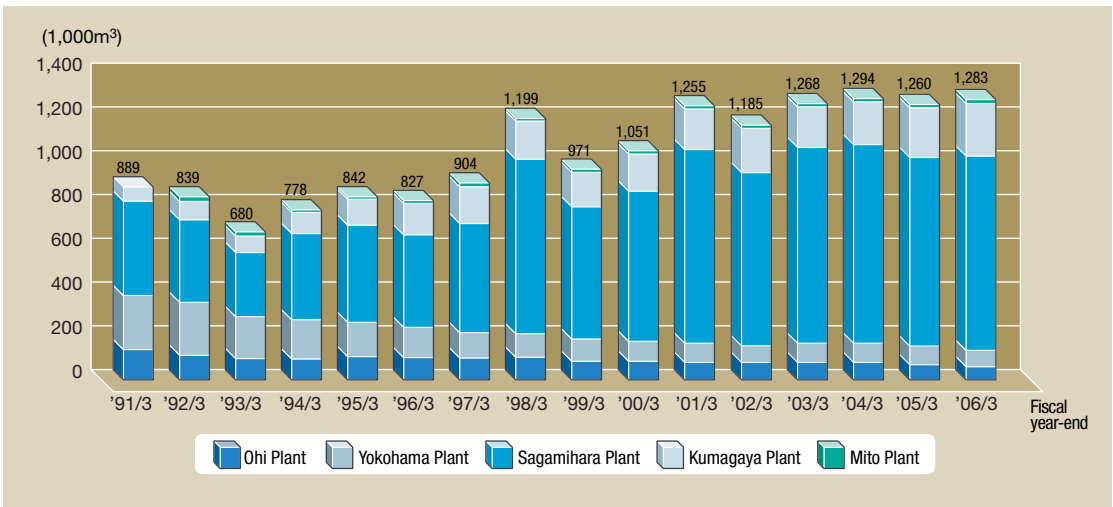
Water Quality (Water Pollution Control Law, Prefectural Regulations)

Unit: mg/l, except for pH and E. coli (colonies/ml)

Item		Regulatory standard	Plant standard	Actual (max.)
Living environment	pH	5.8-8.6	6.0-8.2	6.9-7.7
	BOD	20	20	18
	SS	30	30	29
	n-hexane (animal/vegetable)	10	10	1.0
	E. coli (daily average)	3,000	2,700	61
	Nitrogen	60	60	36
	Phosphorous	8	8	3.8

Water Usage

Plants engaged in manufacturing continuously expand and evolve structurally, but since the introduction of the "Environmental Management System" in fiscal 1999, efforts have been made to promote reuse of process waste water, and reduce water usage by involving all employees in water-saving activities.



Glossary

ppm: Parts per million

pH: Hydrogen ion concentration
Indicates the acidity or alkalinity of a substance, where a solution of pH 0 to 7 is acid, pH of 7 is neutral, and a pH over 7 is alkaline. A change of one pH number indicates a 10-fold change in the concentration of hydrogen ions.

BOD: Biochemical oxygen demand
The amount of oxygen required for microorganisms to oxidise and consume organic pollutants in water. Used to gauge the degree of pollution of rivers.

SS: Suspended solids
Also referred to as substances that cause water clouding, they include small particles, plankton, organism carcasses and detritus, excretions and other organic materials, as well as sand, mud and inorganics and a range of man-made pollutants.

n-hexane (mineral or animal/vegetable): Normal hexane mass
Used to measure the total content of oils and hydrocarbons in waste water, it indicates the amount of materials extracted to normal hexane and which do not volatilise at about 100°C. Covers animal and vegetable oils, fatty acids, petroleum-based hydrocarbons, wax and grease.

Iodine demand
The amount of iodine used by the reducing substances (sulphide, etc.) in waste water during iodine oxidation. It is an index of the presence of the reducing substances in waste water.

Green Procurement

Targets

[Reduction in use of hazardous chemical substances]
- **Performance investigation and management implemented for all consumer products (including sales promotional materials, repair parts, etc.) and major components of selected industrial products.**

[Eco-procurement products]
- **Conformity with guidelines for at least 80% of all products.**

Nikon group is promoting a programme of green procurement, which features a host of activities geared toward reducing the environmental impact of our products.

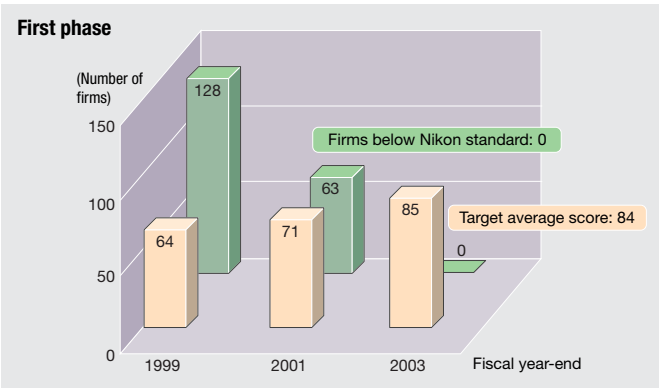
Nikon Basic Policy for Green Procurement
- **To give priority to the purchase of items that have been produced by taking environmental issues into consideration.**
- **To give priority to suppliers who are proactive in conserving the environment.**

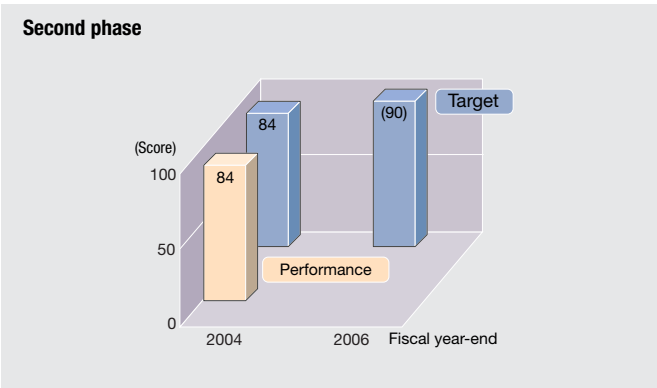
1. Survey of Environmental Management System

In July 1998, the Nikon Green Procurement Guide was issued. In July of the following year, we made a questionnaire survey for about 500 major Japanese suppliers using an "Environmental Management System Evaluation" sheet to monitor their environmental management activities and cooperate with those suppliers to improve their evaluations in this regard. For the first phase (from 1999 to 2003), the survey subjects averaged a score of 85, clearing the target minimum of at least 84 points. All suppliers cleared the Nikon standard score of 80. For the second phase, the fourth "Environmental Management System Evaluation" survey in March 2005 of 430 newly selected suppliers including 128 new firms, the average score was 84, with 18 companies unable to clear the Nikon standard score of 80.

This survey was also conducted at Nikon's major manufacturing subsidiaries in Japan.

Improvement in the Environmental Management System of suppliers based on "Environmental Management System Evaluation" survey





2. Establishment of "Nikon Green Procurement Standards"

Nikon promotes green procurement by placing priority on suppliers' environmental management system.

Today, management and elimination of hazardous chemical substances contained in products, according to the RoHS Directive, are major objectives of green procurement. To integrate implementation of relevant measures, Nikon's internal organisation in October 2005 enacted "Nikon Green Procurement Standards" which currently apply to and are promoted throughout the entire Nikon Group.

"Nikon Green Procurement Standards" (summary)

1. Purpose

Stating clearly green procurement standards for global environmental conservation and requesting that suppliers observe them.

2. Applicable range

Components and materials for Nikon products procured by Nikon Group and its suppliers

3. Requirements

Establishment of environmental management system: for conserving resources and managing substances that impact the environment.

Eliminating use of environment-influencing substances: by sorting substances into "inhibited", "restricted" and "controlled" categories, as well as "product" and "process" categories.

Requests, cooperation, etc.: agree to observe "Nikon Green Procurement Standards," cooperate in surveying and auditing environmental conservation system, document prohibition against hazardous substances, survey substances that impact the environment, provide for substitutes, etc.

4. Countermeasures for requested items

Environmental management system: cease purchasing if supplier's responses are inadequate.

Environment-impacting substances, requests, cooperation, etc.: possibly cease purchasing if supplier's response is inadequate.

5. Authorisation as environmental partner

Suppliers highly evaluated according to the survey and audits of environmental conservation systems are authorised and granted priority.

6. Implementation The Procurement and Engineering Departments mainly promote items concerning environmental conservation systems. Startup timing and methods to implement items concerning products and materials procured are decided upon and implemented by respective company internal organisations.

Nikon Green Procurement Standards

3. Reduction of Environment-impacting Substances Contained in Products/Materials Procured

In fiscal 2004, Nikon started surveying portions and contents of chemical substances in procured items primarily for Nikon consumer products. The survey format touched on 29 chemical substances covered by the Japan Green Procurement Survey Standardization Initiative (JGPSSI).

After this survey, the internal organisations of Nikon companies, with products containing substances defined by the RoHS Directive, mainly promoted such measures as screening of products/materials procured using fluorescent X-ray analysis, alternative technologies and switching to substitute products and materials. Data from a comprehensive survey of metal materials, paints and bonding agents commonly used by these companies is accessible via intranet within the Nikon Group. Even companies having products that do not contain substances defined by the RoHS Directive have targets based on the "Nikon Environmental Action Plan" and promote environmental activities accordingly.

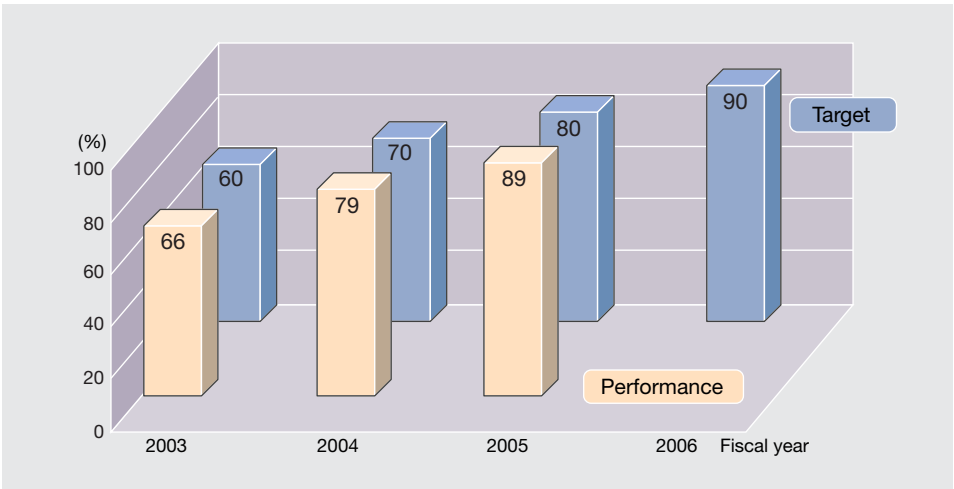
Measures to reduce use of environment-impacting substances are also promoted by the "Electrical Parts Lead-free Meeting," "Surface Treatment Environmental Promotion Meeting," "Packaging and Distribution Sub-committee" and other events and groups organised by and including these companies.

4. Promotion of Green Purchasing

In fiscal 2004, Nikon established the "Nikon Group Green Purchasing Implementation Guidelines," and designated two databases for green purchases of certain office supplies, equipment and machinery — one for items bearing any of six related marks (including the Eco-mark), and GPN database; and the other for special procurement items under the Green Purchasing Law (see below). In fiscal 2004, our rate of green purchases was 66% (exceeding the targeted 60%) of all relevant purchases. We continued our commitment in fiscal 2005, looked into why some departments had relatively low ratios of green purchasing, and encouraged them to come closer to satisfying Nikon objectives. As a result, for fiscal 2005 we achieved a 79% ratio (exceeding the target of at least 70%) and for fiscal 2006, that ratio rose to 89% (exceeding the target of at least 80%). The targeted ratio for fiscal 2007 is at least 90%.

The same kinds of activities are also promoted throughout all Nikon Group companies.

Green purchasing: Ratio of approved products to total purchases



Green Purchasing Registration Mark and Database

Environmental Education/Awareness Activities

We believe it is vital that all employees improve their knowledge of environmental matters, and to this end, related manuals, regulations and procedures must be put in place, and we must attain the necessary specialised knowledge and techniques, in order that environmental conservation activities can be rolled out effectively.

Nikon is developing the following environmental education and awareness activities, which are to be provided to all employees. We introduce “Eco-action 21” and ”Eco-stage” simple environmental management systems to suppliers, suppliers’ subsidiaries and suppliers’ suppliers in our supply chain who have not acquired ISO 14001 certification. We are also active in various events that serve to strengthen our bonds with local communities.

Environmental Management and Promotion of Measures

We are working on improving the overall level of our employees’ awareness, with appropriate educational systems implemented at every level, throughout each plant and workplace within the company.

- Executive management education (general environmental management, ISO 14001, management responsibilities, etc.)
- Education of new employees (general environmental awareness, Nikon’s environmental activities)
- Environmental seminars for Nikon Group companies (general environmental management, ISO 14001, green procurement, etc.)
- Education of EMS representatives (environmental policy, environmental objectives, environmental manuals/regulations/ procedures, evaluation procedure for environmental aspects) and others
- Everyday on-the-job education (general environmental management, environmental manuals/regulations/procedures, environmental targets, separation of waste and recycling, energy saving, paper and resources saving, etc.)
- Presentations on “Nikon Environmental Action Plan”
- Green procurement education

Awareness Activities

Nikon implements a full programme of awareness activities, with the aim of supplying information, informing employees of new policies and increasing awareness in environmental matters, as well as applying standards for decision-making.

- Publication and website posting of “Environmental Report”
- Publication and distribution of “Environment/Product Safety Information” for Nikon Group companies
- Publication of environmental awareness journals “Report from the Environmental Administration Section” via the company intranet and display of “Environmental Panels” at all plants
- Publication and distribution of “ISO 14001 Update” (Ohi Plant), “EMS News” (Yokohama and Sagamihara Plants) and “ISO 14001 News” (Mito Plant)
- Sharing of ideas for improvement – mottos, posters and the like promoting environmental conservation
- Organising environment month (broadcasts by the Environmental Committee Chairman, environmental month seminars, environmental photo contest, etc.)
- Implementation of an energy-saving patrol
- Clear posting and notification of all waste-separation categories and provision of waste-disposal areas that encourage recycling
- Notice boards within the workplace, displaying such information as environmental objectives, targets, and management programmes
- Publication of site report
- Participation in various environmental events

Internal environmental auditor development course

Specialist Environmental Education

Nikon employees are encouraged to undertake specialist education both within and outside the company, in order to gain the necessary knowledge, skills and technical abilities to carry out their individual responsibilities with consideration for the environment. We are working to develop specialists and increase specialist knowledge within the company.

- Internal environmental auditor development course
- Step-up seminar for internal environmental auditors
- Control of chemical substances (handling procedures, PRTR, etc.)
- Environmental facilities operation management
- Specialised industrial waste management qualification course
- Energy management course
- Pollution control management course
- Course for persons in charge of handling dangerous substances
- Emergency countermeasures (simulation of accidental leak)

Emergency countermeasures (simulation of accidental leak)

Step-up seminar for internal environmental auditors

ISO 14001 Certification Acquisition Support and Related Activities

Our Environmental & Technical Administration department is providing education and support for organisations within Nikon — and outside as well — that wish to acquire ISO 14001 and ISO 9001 certification.

Topics

Integration of Environmental Management System

Each Nikon plant independently acquired ISO 14001 certification, the international Environmental Management System (EMS) standard, since 1998, thereby promoting environmental conservation. Nikon's top management decided to integrate EMS company-wide and on a non-consolidated basis at headquarters and five plants by the end of fiscal 2006 on schedule in order to centralise execution of the "Nikon Basic Environmental Management Policy". EMS will be strengthened further throughout the Nikon Group as five major manufacturing subsidiaries become integrated into the system within fiscal 2007, with the entire Nikon Group worldwide, including major manufacturing sites, becoming integrated afterwards.

The CSR (Corporate Social Responsibility) framework systematically focuses on the environment, labour safety, hygiene, quality, corporate ethics, social contribution and other themes. Moreover, the CSR Committee (of which the president is chairman) inaugurated in January 2006 strengthens our corporate governance, and includes the previously established Environmental Committee as its sub-committee. Accordingly, Nikon aims to build up a more integral, effective EMS.

Workplace auditing

Section and department auditing

Integrated EMS manual

Measures for Hazardous Chemical Substances

The Directive on Waste Electric and Electronic Equipment (WEEE) and the Directive on Restriction on the use of certain Hazardous Substances in electrical and electronic equipment (RoHS) started to be enforced in August 2005 and July 2006, respectively, in the European Union region. Nikon has implemented lead-free soldering and other measures to cope with these regulations. The Camera Grand Prix Award-winning Nikon digital SLR camera D200 and other products are in compliance with the RoHS Directive.

Manufacturing processes inhibit use of hexavalent chrome in products, in principle, and also keep employees safer. Organic chlorine-based solvents that had been used in large quantities in washing processes were completely barred from use within the entire Nikon Corporation and major manufacturing subsidiaries in Japan.

Regarding waste, the company-wide zero-emission system is maintained, while major manufacturing subsidiaries in Japan achieved zero emission. Furthermore, we continue to apply this target to other workplaces. As Sendai Nikon's recycling ratio improves, its earnings from selling recycled materials surpassed waste disposal costs.

Camera Grand Prix 2006 Award to D200

The Nikon digital SLR camera, which meets RoHS Directive regulations, received the Camera Grand Prix 2006 Award.

The all-water washing system at Yokohama Plant.

Saving energy to prevent global warming

The Kyoto Protocol took effect in February 2005, and interest is high in full-scale prevention of global warming. Nikon is developing more energy-efficient digital cameras, steppers and other products, and making equipment and facilities much more energy-efficient as well. Our manufacturing subsidiaries in Thailand and China are not subject to the Kyoto Protocol, but Nikon plans to promote energy-saving measures at these facilities nonetheless.

In Japan, Nikon is a registered participant in the "Team Minus 6%" movement that promoted "Cool Biz" activities, monitors and controls room temperatures according to EMS, implements "Black Illumination" (nationwide "Lights Down" and CO_2 reduction campaign) activities, helping to prevent global warming throughout the process.

At all Nikon workplaces, employees wear business casual clothing throughout the year in order to reduce the load on air-conditioning systems.

Pump inverter equipment introduced at the Mito Plant

Team Minus 6%" CO_2 reduction campaign mark.

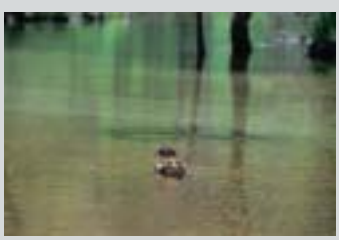
"Environmental Month" Events

June 1-30, 2005 was the period of our company-wide "5th Environmental Month" campaign. Beginning with a message from the chairman of the Environmental Committee about how Nikon Group could earn "trust" for the Nikon brand from stakeholders around the world, the campaign communicated safe use of Nikon products, the Environmental Action Plan based on Nikon Environmental Management Policy, and how Nikon Group proudly creates new values at all times.

During the campaign, seminars were conducted concerning Nikon Group-wide ISO 14001 certification and Kyoto Protocol compliance (to prevent global warming). Also, photo contests with environmental themes were held companywide. Individual plants also held events including environmental facility tours, environmental awareness panels and cleaning sessions inside and outside of facilities to raise employee awareness.

Photos winning "Environmental photo contest" award

Grand Prix award "Shocking look"



Excellence award "A mandarin duck in the pond"

Excellence award "Draining port"

Superior award "Living together"

Contributing to Society

Regional Activities – all plants

Every year, Nikon members clean up around production sites by picking up litter on roads and among greenery on commuter routes to the plants. We will continue these activities in order to remain in good standing with our local communities.

Cleaning around the station near Kumagaya Plant.

Cleaning around Ishikawa River near Mito Plant.

Local Cleanup Activities – in cooperation with regional associations

In December 2005, Kumagaya Plant conducted a zero-waste campaign in cooperation with the Kumagaya Industrial Zone Association. Sixty-nine members from Nikon participated, and collected and sorted about one ton of waste into flammables, cans, bottles and big waste categories.

In July 2005, Mito Plant carried out the Hinuma Lakeshore Cleanup Campaign in cooperation with the Clean Up Hinuma Network, "We Love Ibaraki" Prefectural Committee and local governments involved with Hinuma Lake and related rivers, throughout an area about 5km around Lakeshore Natural Park. Nikon members collected waste and cans in the area together with 200 other participants.

Campaigning to prevent illegal waste disposal

In November 2005, the Sagamihara City Beautification Movement Promotion Council organised the Sagamihara City Illegal Waste Elimination Campaign, which was held mainly at a Sagamihara City elementary school. This campaign's purpose is to have citizens, companies and administrations cooperate in preventing and eliminating illegal waste disposal. This was the 14th edition of the programme, and employees of Sagamihara Plant participated as members of the Sagamihara Waste Disposal Measures Association. More than 450 people removed illegally dumped waste, in support of the appeal "Don't throw away illegal waste! Don't let others get away with it! Don't permit illegal waste disposal!"

Regional Environmental Activities

• Disclosure of Sludge Disposal Facility in Sagamihara Plant

In October 2005, a Waste-related Facility Study Tour was held at the Sagamihara Plant by the Kanagawa Environmental Conservation Association, for the purposes of preventing pollution at plants and other facilities, learning about proper waste disposal and preventing pollution. 25 members visited the plant and learned about waste management at the Recycling Station, integrated waste disposal facility and other sites.



• "Watching Hinuma Lake and related rivers" — Mito Plant

In November 2005, a nature observation event was held in appreciation of the Lakeshore Natural Park area of Ibaraki Town. About 50 people enjoyed aquatic life observation, birdwatching and more.


Environmental Exhibition Events

• Environmental Fair Exhibition — Mito Plant

The "Environmental Fair 2005" site of the "We Love Ibaraki" Prefectural People's Festival was held for two days in November 2005 in open space near the Tsukuba Express Railway station. Visitors at the "Nikon Nature Observation Corner" of our booth observed shellfish hatchlings and other nature using a handmade magnifier, as well as asbestos (to study its dangers) using a microscope.


• Environmental Fair Contribution — Sagamihara Plant

In April 2005, at Sagamihara City's Citizen Festival, the "Better Environment in Sagamihara Association" provided "Environmental Fair" exhibits and experience corner to communicate the importance of environmental conservation to citizens. Sagamihara Plant staff helped build the exhibition site and receive visitors.


• Environmental Classroom Participation — Mito Plant

In February 2006, the Environmental Dept. of Mito City, Ibaraki Living Nature Association and "We Love Sakagawa River" Association jointly presented the "Environmental Classroom" for which participants gathered plants, spring water and microbes around Sakuragawa River, made observations and conducted experiments on them in the observation corner.

Charter of Corporate Behaviour

Nikon's "Charter of Corporate Behaviour", based on company principles and ethical practices stated in "Vision Nikon 21", details the Nikon Group's basic attitude to uphold appropriate legal behaviour as corporate citizens.

Promotion of corporate ethics

The purpose of Nikon's Charter of Corporate Behaviour is to ensure that the directors, officers and employees of Nikon Group Companies exercise sound and ethical business practices and good business judgment, so that Nikon can continue to gain the trust of Nikon Group customers, shareholders, employees, business partners, and society, and thereby enhance Nikon's brand value.

Nikon Charter of Corporate Behaviour/Code of Conduct

Nikon Behaviour Principles

Charter of Corporate Behaviour for Nikon Group Companies

1. Healthy corporate activity

The Nikon Group endeavours to obey related laws, regulations and in-house rules, which are supported by the exercise of fair and ethical business practices and by the use of good judgment, in order to gain trust from customers, shareholders, employees, business partners and society.

2. Responsibility to society as a corporate citizen

As a corporate citizen that is responsible for the future of the region, the nation, and the world, the Nikon Group endeavours to promote business activities that take into account human rights protections, improved welfare and the protection of environmental and natural resources, among others, to contribute to the healthy development of society.

3. Protection of the natural environment

Environmental conservation is a growing concern worldwide, and individuals and corporations are directly responsible for conserving the environment. The Nikon Group also strives to protect the natural environment.

4. Provision of useful goods and services for society

An important reason for the Nikon Group's existence is to contribute to the development of society and the economy through our business activities, including the production of high-quality products and the provision of excellent services.

5. Transparent operating activities

The Nikon Group constantly strives to ensure that our operating activities are fair and transparent, and in accordance with local social norms.

6. Protection of human rights

Many people with diverse backgrounds work within the Nikon Group. The Nikon Group pays careful attention to respecting individual human rights and to treating people with respect, so that each individual can concentrate on working and producing good results without fear of discrimination.

7. Provision of a healthy and safe workplace

Ensuring our employees' health and safety is a fundamental principle underlying proactive business development and the success of our employees in their individual lives. The Nikon Group endeavours to obey related laws, regulations, and in-house rules to ensure healthy and safe workplaces for all of our employees.

8. Development and utilisation of human resources

The Nikon Group aims to be a self-sustained professional group where employees are able to develop new knowledge for their jobs as the workplace evolves. To attain this, the Nikon Group provides sound and flexible workplaces in order to adapt as our business activities expand throughout the world.

9. Fair employment opportunity

The Nikon Group employs people with excellent skills and experience regardless of their nationality and gender, and their achievements are judged by their merits.

10. Accurate public relations

The Nikon Group makes timely and accurate disclosures of corporate information for better communication with its stakeholders and society.

11. Responsibility of top management

Top management and employees in managerial positions within each of the Nikon Group's business divisions must understand that they play an essential role in realising the spirit of the Charter of Corporate Behaviour, and thus, in addition to leading by example, promise to develop the internal infrastructure to ensure that the Charter of Corporate Behaviour is disseminated to everyone concerned.

When any incident occurs that may violate the Charter of Corporate Behaviour, top management will take immediate corrective measures to find the cause and prevent its recurrence, and will deal severely with all people involved in the matter, including top management itself where appropriate.

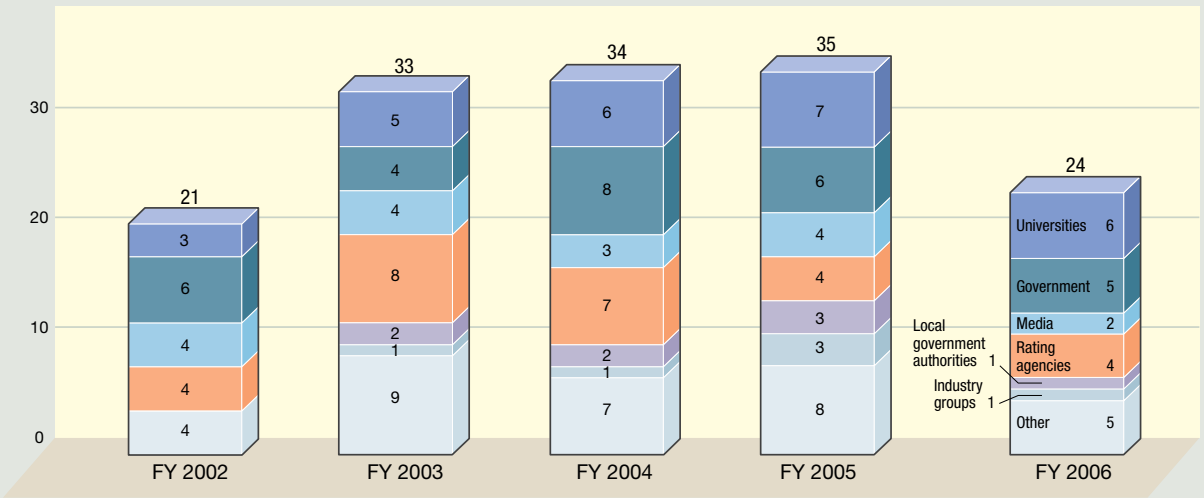
Ex-company Communications

The "Nikon Environmental Report" is available on Nikon's website in Japanese and English versions that attract about 20,000 and 10,000 "hits", respectively, per month. These numbers are increasing, reflecting rising interest in our environmental role.

Our Mito Plant and Tochigi Nikon are also creating their own sites highlighting affairs of regional relevance, and we will encourage our other operations to follow suit. Our Ohi Plant submitted its plan to cope with Global Warming Prevention to Tokyo Prefectural Government, while our Kumagaya Plant presents Saitama Prefectural Government's "Eco-up Declaration (Environmental Impact Reduction Project)" on Nikon's website.

As environmental issues attract growing interest worldwide, it is essential that we share approaches to problems and cooperate in order to make our environmental conservation activities more effective and efficient. Looking toward the future, Nikon considers it important to make communications with stakeholders more interactive.

Environmental Questionnaire (from those outside Nikon)

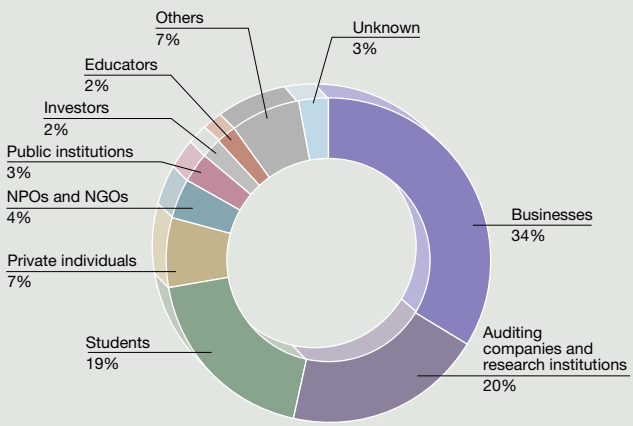


- We have been publishing details regarding our compliance with questionnaires relating to the environment since fiscal 2002.
- For four fiscal years, we received over 30 questionnaires from people outside the company. However, the number decreased to 20 in fiscal 2006.
- During fiscal 2005 and 2006, the majority of questionnaires were from universities.
- Government-related questionnaires also maintained their position near the top of the graph.
- Rating agencies (including the Eco-Fund) and media-related questionnaires remained stable within the middle region of the graph.
- Nikon always responds to questionnaires out of its commitment to respond to inquiries from stakeholders.

Requests Received for Nikon Environmental Report 2005

Since Nikon Environmental Report 2005 was uploaded to our website in September 2005, we have received about 450 requests for a printed version (as of the end of July 2006). Although Nikon Environmental Report is available only on that website in principle, we send the booklet to anyone requesting it. The chart on the right indicates the approximate portion of copies requested, by sector. "Business" accounted for the greatest share of copies requested, followed by "Auditing companies, education and research institutions". If students, educators, auditing companies, education and research institutions are included within the "research and education" sector, that sector accounts for a larger portion of reports than the "Business" sector does. Requests from investors are increasing from the previous year, indicating that the environmental report may increasingly be a factor in investment decisions.

This data will be used in the composition and production of future reports.



History of Environmental Preservation Activities

	Nikon	Japan/Worldwide
1967		Basic Law for Environmental Pollution Control enacted
1968		Air Pollution Control Law and Noise Regulation Law enacted
1970	First Pollution Response Committee meeting held (September)	Water Pollution Control Law and Waste Disposal and Public Cleaning Law enacted
1971	Pollution Response Committee changed name to Pollution Prevention Committee (October)	Japan Environment Agency established
1972		Club of Rome published its "Limits to Growth" report United Nations Conference on the Human Environment held in Stockholm
1973	Pollution Prevention Committee changed name to Environmental Improvement Committee (November)	
1975		The London Convention on ocean dumping went into effect
1979	Environmental Management Office established within the construction department (July)	
1987		Montreal Protocol on Substances that Deplete the Ozone Layer adopted
1988	First Nikon Group Environmental Communications Committee meeting held (November) First Specialist Committee Meeting on CFC Measures held (December)	Vienna Convention for Protection of the Ozone Layer went into effect Ozone Layer Protection Law enacted
1991		Law for the Promotion of Utilisation of Recycled Resources enacted The Keidanren Global Environment Charter announced
1992	Nikon Basic Environmental Management Policy (April) Restructuring of the Environmental Improvement Committee, establishment of the Environmental Committee (April)	The Basel Convention went into effect "Earth Summit" held in Rio de Janeiro
1993		Basic Environment Law enacted Start of International Energy Star Programme
1994	Elimination of specified CFC used in cleaning (May)	United Nations Framework Convention on Climate Change went into effect
1995	Implementation of Nikon Product Assessment (May) Implementation of policy toward attaining ISO 14001 certification (May)	Container and Packaging Recycling Law enacted
1996		Publication of ISO 14001 Standards
1997	Sendai Nikon earns the first ISO 14001 certification among the Nikon Group (March)	Third Conference of the Parties (COP 3) to the United Nations Framework Convention on Climate Change held in Kyoto
1998	Nikon's Environmental Symbol introduced (May) Basic Policy on Packaging Materials (May) Ohi Plant becomes the first Nikon plant to earn ISO 14001 certification (July) Nikon Basic Policy for Green Procurement (August)	Law Concerning the Promotion of Measures to cope with Global Warming enacted
1999	Nikon Green Procurement Guide distributed to suppliers (July) Environmental & Technical Administration Department established (October)	Pollutant Release and Transfer Register (PRTR) Law enacted
2000	Nikon PRTR Guide issued (March) Nikon Environmental Action Plan 21 (for fiscal 2001) issued (June))	Basic Law for Establishment of Recycling-Based Society enacted Law for Promotion of Effective Utilisation of Resources enacted
2001	Zero-Emission Kick-off Convention held (September) Nikon Environmental Report 2001 released (October)	Fluorocarbons Recovery and Destruction Law enacted
2002	Sendai Nikon Corporation became first Nikon Group company to achieve a zero-emission system (February) Mito plant became first Nikon plant to achieve a zero-emission system (September)	Soil Contamination Countermeasures Law enacted
2003	Zero-emission systems completed at all Nikon plants (March)	Environmental Protection Activities and Environmental Education Promotion Law enacted WEEE & RoHS Directives enacted in EU
2004	Implementation of policy toward integrated ISO14001 certification (July)	Law Concerning the Promotion of Business Activities with Environmental Consideration enacted Revision of ISO 14001 Standards
2005	Zero-emission systems completed at five major Japanese manufacturing subsidiaries (March) Nikon Green Procurement Standards enacted (October)	United Nations Framework Convention on Climate Change/ Kyoto Protocol went into effect WEEE Directive implemented in EU
2006	Nikon CSR Report 2006 released (December)	RoHS Directive implemented in EU

Nikon Group Companies

Japanese Group Companies

as of July 1st 2006

Name	Location	Included in consolidated data	Included in report	Areas of main business
Mito Nikon Corporation	Ibaraki	*	*	Manufacture of devices for IC/LCD steppers
Zao Nikon Co., Ltd.	Miyagi	*	*	Manufacture of devices for IC/LCD steppers and surveying instruments
Nikon Tec Corporation	Tokyo	*		Maintenance and servicing of IC/LCD steppers, sales of used steppers
Sendai Nikon Corporation	Miyagi	*	*	Manufacture of cameras and devices for LCD/IC steppers
Nikon Photo Products Inc.	Tokyo	*		Sales and servicing of cameras
Kurobane Nikon Co., Ltd.	Tochigi	*	*	Manufacture of objective lenses for microscopes/measuring instruments/inspection equipment, and optical components
Nikon Instech Co., Ltd.	Kanagawa	*		Sales, maintenance and servicing of microscopes, measuring instruments, and inspection equipment
Tochigi Nikon Corporation	Tochigi	*	*	Manufacture of IC/LCD steppers and optical lenses
Setagaya Industry Co., Ltd.	Yamagata	*		Processing and assembly of parts for interchangeable camera lenses
Hikari Glass Co., Ltd. (Akita Plant)	Akita	*		Manufacture of optical glass and moulded optical glass
Nikon Optical Shop Co., Ltd.	Tokyo			Retail sales of ophthalmic frames and lenses
Nikon Eyewear Co., Ltd.	Tokyo	*		Development, manufacture, sales and servicing of ophthalmic frames and sunglasses
Nikon Vision Co., Ltd.	Tokyo	*		Development, manufacture, sales and servicing of sport optics products
Nikon Engineering Co., Ltd.	Kanagawa	*		Design, manufacture, and sales of microprocessing systems and customised microscopes
Nikon Systems Inc.	Kanagawa	*		Development and support of computer software
Nikon Logistics Corporation	Tokyo	*		Logistics
Nikon Life Co., Ltd.	Tokyo	*		Employee welfare activities
Nikon Tsubasa Inc.	Kanagawa			Processing, assembly and packing of parts for optical instruments
Nikon Technologies, Inc.	Tokyo	*		Chemical analysis and measurement, patent investigation, and translation
Nikon-Trimble Co., Ltd.	Tokyo			Development, manufacture, sales and servicing of surveying instruments
Nikon-Essilor Co., Ltd.	Tokyo			Development, manufacture, sales and servicing of ophthalmic lenses
Nasu Nikon Co., Ltd.	Tochigi			Manufacture of ophthalmic lenses (subsidiary of Nikon-Essilor Co., Ltd.)
Aichi Nikon Co., Ltd.	Aichi			Manufacture of ophthalmic lenses (subsidiary of Nikon-Essilor Co., Ltd.)

Overseas Group Companies

Name	Location	Included in consolidated data	Included in report	Areas of main business
Nikon Americas Inc.	U.S.A.	*		Centralised supply, administration and management of funds of affiliates in the U.S.
Nikon Precision Inc.	U.S.A.	*		Import, sales, maintenance and servicing of IC steppers
Nikon Research Corporation of America	U.S.A.	*		R&D for IC-related equipment
Nikon Inc.	U.S.A.	*		Import, sales and servicing of cameras
Nikon Instruments Inc.	U.S.A.	*		Import, sales, maintenance and servicing of microscopes, measuring instruments, and inspection equipment
Nikon Canada Inc.	Canada	*		Import, sales and servicing of cameras, microscopes, and measuring instruments
Nikon Holdings Europe B.V.	Netherlands	*		Centralised supply, administration and management of funds of affiliates in Europe
Nikon Precision Europe GmbH	Germany	*		Import, sales, maintenance and servicing of IC steppers
Nikon Europe B.V.	Netherlands	*		Import, sales and servicing of cameras
Nikon AG	Switzerland	*		Import, sales and servicing of cameras, microscopes, and measuring instruments
Nikon GmbH	Germany	*		Import, sales and servicing of cameras, microscopes, and measuring instruments
Nikon UK Ltd.	U.K.	*		Import, sales and servicing of cameras, microscopes, and measuring instruments
Nikon France S.A.S.	France	*		Import, sales and servicing of cameras, microscopes, and measuring instruments
Nikon Nordic AB	Sweden	*		Import, sales and servicing of cameras
Nikon Kft.	Hungary			Import, sales and servicing of cameras
Nikon s.r.o.	Czech			Import, sales and servicing of cameras
Nikon Polska Sp.z o.o.	Poland			Import, sales and servicing of cameras
Nikon Instruments Europe B.V.	Netherlands	*		Import, sales, maintenance and servicing of microscopes and measuring instruments
Nikon Instruments S.p.A.	Italy	*		Import, sales, maintenance and servicing of microscopes and measuring instruments
Nikon Precision Korea Ltd.	Korea	*		Maintenance and servicing of IC/LCD steppers
Nikon Precision Taiwan Ltd.	Taiwan	*		Maintenance and servicing of IC/LCD steppers
Nikon Precision Singapore Pte Ltd	Singapore	*		Maintenance and servicing of IC/LCD steppers
Nikon Precision Shanghai Co., Ltd.	China	*		Consulting for maintenance and servicing of IC/LCD steppers
Nikon Hong Kong Ltd.	Hong Kong	*		Import, sales and servicing of cameras
Nikon Singapore Pte Ltd	Singapore	*		Import, sales and servicing of cameras, microscopes, and measuring instruments
Nikon (Malaysia) Sdn. Bhd.	Malaysia	*		Support for sales and servicing of cameras, microscopes, and measuring instruments
Nikon (Thailand) Co., Ltd.	Thailand	*		Manufacture of cameras, interchangeable lenses, and digital camera components
Nikon Imaging (China) Co., Ltd.	China	*		Manufacture of digital cameras and digital camera components
Nikon Imaging (China) Sales Co., Ltd.	China	*		Import, sales and servicing of cameras
Nikon Imaging Korea Co., Ltd.	Korea	*		Import, sales and servicing of cameras
Nikon Instruments (Shanghai) Co., Ltd.	China			Marketing, maintenance and servicing of microscopes, measuring instruments, and inspection equipment
Nikon Instruments Korea Co., Ltd.	Korea			Sales, maintenance and servicing of microscopes and measuring instruments
Guang Dong Nikon Camera Co., Ltd.	China			Manufacture of digital camera components
Hang Zhou Nikon Camera Co., Ltd.	China			Manufacture of digital camera components
Nanjing Nikon Jiangnan Optical Instrument Co., Ltd.	China			Manufacture of microscopes and objective lenses for microscopes
Beijing Nikon Ophthalmic Products Co., Ltd.	China			Sales, processing and repair of ophthalmic products
Dong Guan Nikon Surveying Instruments Co., Ltd.	China			Manufacture of surveying instruments (subsidiary of Nikon-Trimble Co., Ltd.)
Nikon Optical Canada Inc.	Canada			Processing of custom-order ophthalmic lenses (subsidiary of Nikon-Essilor Co., Ltd.)
Nikon Optical U.K. Ltd.	U.K.			Processing of custom-order ophthalmic lenses (subsidiary of Nikon-Essilor Co., Ltd.)

- Items reported are environment account, CO_2 emission (energy usage), waste, PRTR and so on. Companies reported are representative ones, not including all our Group companies.
- Nikon Instech Co., Ltd. merged Kogaku Co., Ltd. and Okuma Shokai Co., Ltd. and started business as Nikon Instech Co., Ltd. in April 2006.
- Nikon Imaging Korea Co., Ltd. started business in April 2006.

GRI Guideline Comparison Tables

GRI Guideline 2002 Classification	Nikon Environmental Report 2006	Nikon CSR Report 2006
Section 1: Vision and Strategy	Relevant page	Relevant page
1.1 Statement of the organisation's vision and strategy	5	5, 6
1.2 Statement from the CEO (or equivalent senior manager)	3	4
Section 2: Profile		
[Outline of Organisation]		
2.1 Name of reporting organisation	2	3
2.2 Major products or services	4	2
2.3 Operational structure of the organisation	4, 8	2
2.4 Description of major divisions, operating companies, subsidiaries and joint ventures	4, 37	2
2.5 Countries in which the organisation's operations are located	37	2
2.6 Nature of ownership; legal form	4	2
2.7 Nature of markets served	4	2
2.8 Scale of the reporting organisation	4	2
2.9 List of stakeholders	35	14
[Boundaries of report]		
2.10 Contact person(s) for the report	2, 24, 25, 26	3
2.11 Reporting period for information provided	2	3
2.12 Date of most recent report	2	—
2.13 Boundaries of reporting organisation and reporting content	2	3
2.14 Significant changes that have occurred since the previous report	2, 37	—
2.15 Basic information that can significantly affect comparability	4	2
2.16 Explanation of the nature and effect of any restatements of information provided in earlier reports, and the reasons for such restatement	—	—
[Outline of Report]		
2.17 Decisions not to apply GRI principles or protocols in the preparation of the report	2	3
2.18 Criteria, definitions used in any accounting for economic, environmental and social costs and benefits	9	—
2.19 Significant changes from previous years in the measurement methods	—	—
2.20 Policies and internal practices to enhance and provide assurance about the accuracy and reliability that can be placed on the sustainability report	2	3
2.21 Policy and current practice with regard to providing independent assurance for the full report	—	—
2.22 Means by which report users can obtain additional information	2	3
Section 3: Governance Structure and Management Systems		
[Governance Structure and Management System]		
3.1 Governance structure of the organisation	8	10
3.2 Percentage of directors that are independent	—	10
3.3 Process for determining the expertise of board	—	—
3.4 Board level processes for oversight	—	10
3.5 Linkage between executive compensation and achievement	—	10
3.6 Organisational structure and key individuals responsible for related policies	—	10
3.7 Mission and value statements, internally developed codes of conduct or principles, and policies	5, 34	5, 12
3.8 Mechanisms for shareholders to provide recommendations or direction to the Board of Directors	34	12, 18
[Stakeholder Engagement]		
3.9 Basis for identification and selection of major stakeholders	35	14
3.10 Approaches to stakeholder consultation	35, 39	14
3.11 Type of information generated by stakeholder consultations	—	14
3.12 Use of information resulting from stakeholder engagements	35	14
[Overarching Policies and Management Systems]		
3.13 Explanation of whether and how the precautionary approach or principle is addressed by the organisation	—	11, 12, 13, 20
3.14 Externally developed, voluntary, economic, environmental and social charters, sets of principles, or other initiatives to which the organisation subscribes or which it endorses	—	—
3.15 Principal memberships in industry and business associations, and/or national/international advocacy organisations	32	—
3.16 Policies and/or systems for managing upstream and downstream impacts	17, 18, 27, 28	15, 16, 17, 22
3.17 Reporting organisation's approach to managing indirect economic, environmental and social impact of its activities	17, 18, 27, 28	15, 16, 17, 22
3.18 Major decisions during the reporting period regarding the location of, or changes in operations	37	—
3.19 Programmes and procedures pertaining to economic, environmental and social performance	10, 11	—
3.20 Status of certification pertaining to economic, environmental and social management systems	8	16
Section 4: Comparative Table with GRI Guideline	38	—
Section 5: Performance Indicators		
[Economic Performance Indicators]		
Direct Influence		
EC1, EC2 Customers	4	2
EC6, EC7 Investors	4	2, 18
EC8 Public organs	4	2
[Environmental Performance Indicators]		
EN1 Raw materials	6, 23	25
EN3, EN4, EN17 Energy	6, 10, 11, 19	25, 26, 27
EN5, EN21 Water	6, 26	25
EN7 Biological versatility	32, 33	—
EN8, EN11 Emissions and waste	6, 10, 11, 20, 21, 22	25, 26, 27
EN3 Suppliers	27, 28	22
EN14, EN15 Product and service	10, 11, 12, 13, 14, 15, 16, 17, 18	26, 27
EN16 Observation of laws	5, 23, 24, 25, 26, 34	12
EN34 Transportation	10, 11, 18	26, 27
EN35 Overall	9	—
[Social Performance Indicators]		
Labour Practices and Fair Working Conditions		
LA1, LA12 Employment	34	12, 19, 21
LA3, LA13 Employer-employee relationship	—	21
LA6, LA15 Health and safety	34	12, 20
LA16, LA17 Training and education	29	7, 20
LA10 Diversity and opportunity	34	12, 19
Human Rights		
HR1 Policies and management	34	12, 19
HR4 Measures against discrimination	34	12, 19
Society		
SO1, SO4 Local communities	5, 31, 32, 33, 34	12, 22, 23
SO2 Bribery and corruption	34	12
Product Liability		
PR1 Health and safety of customers	—	16
PR8 Product and service	—	15, 16
PR3 Protection of customers' privacy	—	17

Note: This comparative table refers to pages of Nikon Environmental Report 2006 and Nikon CSR Report 2006 that describe items requested by the GRI Guideline.

Questionnaire

Thank you for taking the time to read “Nikon Environmental Report 2006”.
We welcome any comments you may have regarding Nikon’s environmental preservation activities, as well as the content of the report itself.

Please take a few minutes to fill out the questionnaire below. When you’ve completed the form, kindly return it to us by fax or mail:

Fax: Environmental Administration Section
Environmental & Technical Administration Dept.
+81-3-3775-9542

Mail: Environmental Administration Section
Environmental & Technical Administration Dept.
NIKON CORPORATION
1-6-3, Nishiohi, Shinagawa-ku, Tokyo 140-8601 Japan

Q1: What is your overall impression of “Nikon Environmental Report 2006”?

☐ Easy to understand ☐ Of average difficulty ☐ Difficult to understand

Comments:

Q2: How would you rate the contents of “Nikon Environmental Report 2006”?

☐ Comprehensive ☐ Adequate ☐ Insufficient

Comments:

Q3: How would you evaluate Nikon’s efforts toward environmental preservation?

☐ Exceptional ☐ Adequate ☐ Insufficient

Comments:

Q4: In your opinion, which media is/are the most suitable for distribution and presentation of the environmental report?

☐ Printed material only ☐ Printed material and website ☐ Website only

Comments:

Q5: Which of the titles/positions below (please choose only one) best describes you?

☐ Consumer ☐ Shareholder/Investor ☐ Retailer/Supplier ☐ Resident in vicinity of Nikon plant
☐ Member of government organisation ☐ Environmental NGO ☐ Education ☐ Public relations
☐ Person in charge of your company’s environmental policy ☐ Environmental specialist ☐ Student ☐ Employee of Nikon Group
☐ Other (_____)

Q6: How did you find out about “Nikon Environmental Report 2006”?

☐ Newspaper ☐ Magazine ☐ Internet ☐ Employee of Nikon Group
☐ Other (_____)

Thank you very much for your cooperation. We would also be grateful if you could provide us with the information requested below:
(The information you include below will not be used for any purpose other than answering your questions.)

Year_____ Month_____ Day_____

Name: Address:

Telephone: Fax:

E-mail:

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November 2006