

# Green Procurement

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

The Green Procurement Sub-Committee was established within the Environmental Committee in May 1998, and in August of the same year, issued the “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.

In July 1999, the Nikon Green Procurement Guide was issued and distributed to about 500 major Japanese suppliers. After seeking and receiving their agreement to participate in a survey, we collected their ideas and approaches to environmental preservation.

Our procurement department supports suppliers in their attempts to raise their assessment levels — particularly suppliers that are making an exceptionally diligent effort.

## Product Environment

### (1) Stricter Standards for Green Procurement, Based on Results of Supplier Survey

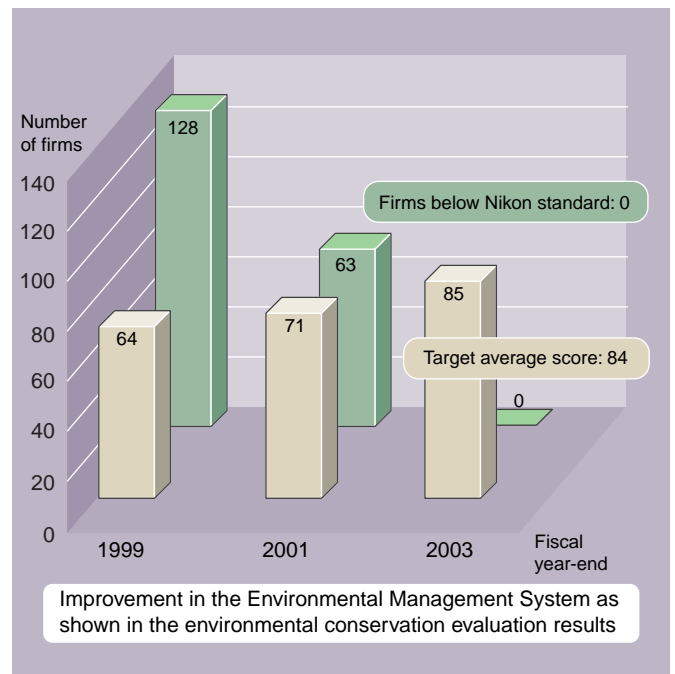
Environmental conservation evaluations were conducted in 1999, 2001 and 2003, to clarify the environmental initiatives of suppliers who play an important role in the manufacturing of a large number of Nikon products. By quantifying their individual and cumulative positions, and assessing the degree of change compared with the previous survey, we were able to further promote environmental awareness and provide the support requested by the suppliers.

Thanks to the exceptional efforts of our suppliers, we achieved an average score for fiscal 2004 of 85, representing a 21-point increase over the prior survey in fiscal 2000 (and exceeding our targets of an average score of 84 and a 20-point increase). None of the participating firms lost their positions as suppliers for failure to meet Nikon standards, demonstrating that the overall approach by the Nikon group to environmentally aware product manufacturing is having a decidedly positive effect.

Manufacturing companies within the Nikon group, specifically Tochigi Nikon, Mito Nikon, Sendai Nikon, Zao Nikon and Kurobane Nikon have also been assessed.

With the addition of new suppliers in fiscal 2005, we must continue our efforts to improve environmental management performance, and provide the assistance needed to attain our targets.

This year, as the first step in eliminating the use of hazardous substances in Nikon products, we focused on the consumer sector. Using tools developed by the Japan Green Procurement Survey Standardisation Initiative (JGPSSI), an arm of Japan Electronics and Information Technology Industries Association (JEITA), and other organisations, we conducted an investigation to identify the substances present, the products in which they were used and the quantities. In parallel with these efforts, we explored and developed alternative substances and technologies free of hazardous substances. In preparation for the implementation of The Restriction of Hazardous Substances in Electrical and Electronic Equipment (RoHS) Directive\*, we have initiated efforts to acquire analytical technologies which will allow us to guarantee that our products do not contain any of the six forbidden substances. We have also begun developing a system to apply information gained through these efforts to the elimination of hazardous substances from new products during development.



### \* RoHS Directive

This directive places restrictions on the use of hazardous substances in electrical and electronic equipment. As of July 1<sup>st</sup>, 2006, the use of hexavalent chrome, lead, cadmium, mercury, PBB and PBDE will be prohibited on the E.U. market for a wide range of electrical and electronic products.

## 2) Reduction of Hazardous Substances, Creation of Hazardous Substance Survey

Nikon has been an active participant in the Japan Green Procurement Survey Standardisation Initiative (JGPSSI), working to obtain necessary information relating to surveys of applicable chemical substances, survey formats, tools and legal trends, and preparing chemical-substance survey procedures for each individual product. The survey includes 29 substances specified by JEITA, and 11 specified as Class I Specified Chemical Substances under the Chemical Substances Control Law (two of the 13 substances identified in this law are also in the JEITA list). Based on this information, Nikon Group standards for hazardous substance management were disseminated to group companies.

From December 2003, presentations were given to ensure clear understanding of the information, and the following groups were asked to participate in the survey. Results are now being collected.

1. The Imaging Company and imaging departments in related group companies involved in cameras and related products.
2. The Instruments Company and related group companies involved in microscopes and industrial equipment.
3. Nikon Vision, which deals with binoculars and fieldscopes.
4. Sendai Nikon industrial equipment department, which handles encoders.

We will scrutinise the survey results, and apply them to product development using a system currently being established.

In parallel with the survey, we have also been investigating alternative substances and technologies to replace a variety of hazardous substances, focusing on the six substances prohibited under the RoHS Directive. In addition to evaluating the potential and performance of the alternatives, and in preparation for the implementation of the RoHS Directive, we are working to acquire analytical technologies that will enable us to guarantee that our products are free of the prohibited substances.

The five items below are high-priority activities slated for fiscal 2005. We are making every effort to not only fully comply with the RoHS Directive and other laws and regulations, but also to respond to the demands of our customers to eliminate the use of hazardous chemical substances in our products and activities.

1. Major expansion in range of products and parts to be investigated.
2. Construction of an effective survey data-sharing system, to ensure comprehensive data dissemination — particularly data for metallic materials and adhesives.
3. Continue to develop, and work toward the implementation of a system to utilise survey results in product development, and ensure the development of products free from hazardous substances.
4. Development of a simple analysis system within our quality inspection organisation, to ensure that our products are free of the six substances prohibited under the RoHS Directive.
5. Cooperative efforts with our suppliers to construct a supply chain completely devoid of hazardous substances.

## Workplace Environment

The Nikon Group is in a gradual transition to products bearing the “Eco-mark” — this includes standard office supplies as well as parts procured and used by Group companies. The release of the “Nikon Group Green Purchasing Implementation Guidelines” this year has greatly broadened the scope of activities. The guidelines apply not only to office supplies, but to OA equipment and other machinery as well. Green procurement items are managed using two databases: one containing those items bearing any of the six related marks (including the Eco-mark), and GPN data, and the other for special procurement items under the Green Purchasing Law. As part of this programme to contribute to the procurement of environmentally friendly goods, Nikon has given about a dozen presentations, beginning in January of 2004.

We established a target for this fiscal year of 60% of such purchases to conform with the “Nikon Group Green Purchasing Implementation Guidelines.” We are happy to report that we are off to an excellent start, with 66% of purchases made during the three-month period from January to March of 2004 conforming with the guidelines.

Nikon Group manufacturing subsidiaries have consented to implement this new system in fiscal 2005, regardless of whether or not the old green procurement system had been in place, and will be followed in the future by our sales subsidiaries.



Nikon Group Green Purchasing Implementation Guidelines



Green Purchasing Registration Mark and Database