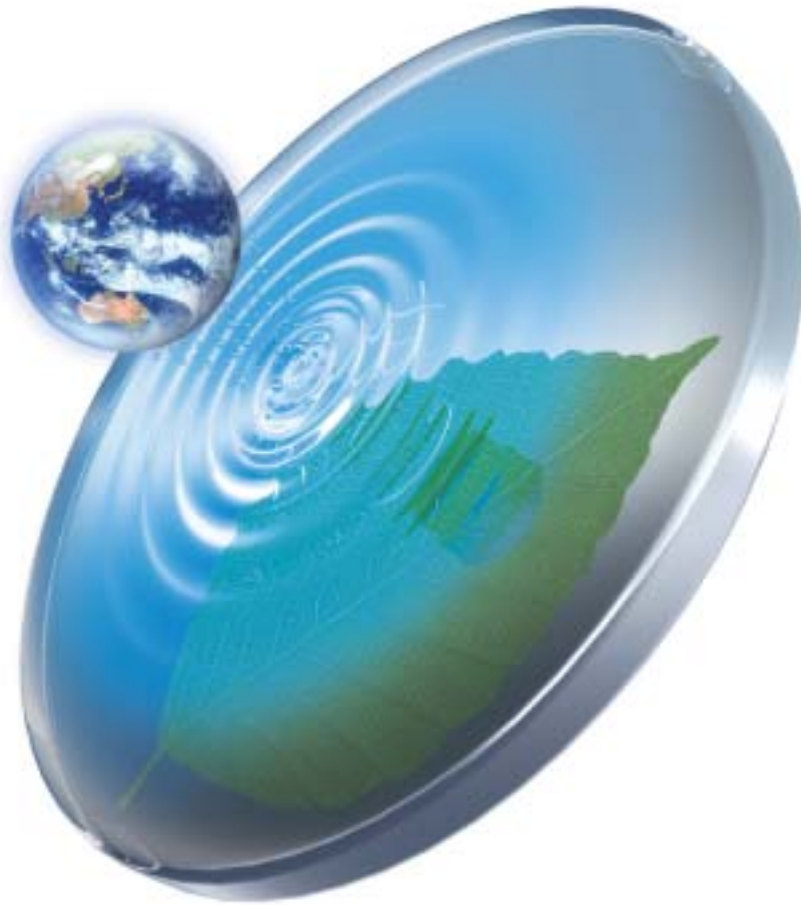




Nikon Environmental Report 2005



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 2005 (April 1st, 2004 to March 31st, 2005) at Nikon Corporation. It encompasses the head office, as well as the Ohi, Yokohama, Sagami, 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 Reporting Guidelines (2003)" by the Japanese Ministry of the Environment

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 Edition

December 2006

Next Issue

December 2005

Major Features

- The rate of Eco-glass utilisation in optical designs has climbed to 100% in consumer products, and 96% in industrial products. (See pages 10, 13)
- All plants, along with five major Japanese manufacturing subsidiaries, developed zero emission systems with the goal of eliminating emissions that eventually become landfill. (See pages 10, 22)
- We introduced a new three-year plan, "Nikon Environmental Action Plan for Fiscal 2008," that covers fiscal 2006 through fiscal 2008. The new plan targets increased reductions in greenhouse gas emissions by fiscal 2011 and adds the "distribution" category (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 (pages 8, 11).
- Data on five major Japanese manufacturing subsidiaries has been added to the sections on Energy Conservation (page 19), Promotion of Reduction and Recycling of Waste (pages 20, 21), and Control of Chemical Substances (page 23).

Four new sections have been added : Charter of Corporate Behaviour (page 34), Activities for Product Safety (page 36), Environmental Questionnaire (from those outside Nikon) (page 36), and Nikon Group Major Business Locations (page 37).

Issued by

Environmental & Technical Administration Dept.
NIKON CORPORATION

Contact

Environmental Administration Section
Environmental & Technical Administration Dept.
NIKON CORPORATION
1-6-3, Nishiohi Shinagawa-ku
Tokyo 140-8601 Japan
tel: +81-3-3773-1125
fax: +81-3-3775-9542

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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. Moreover, the growing pervasiveness and accumulation of environmental pollutants such as CO₂, chlorofluorocarbon and dioxin, appears to be threatening the survival of many species, including our own. As a result, we must consider our corporate activities in a more serious light and take a more proactive stance for environmental preservation. At the same time, the company’s performance with regard to Corporate Social Responsibility (CSR), exceeding the boundaries of environmental protection to the achievement of sustainability, has also become a key indicator of corporate value. 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.

We are proud to declare that we have attained numerous goals established in the “Nikon Environmental Action Plan” for fiscal 2005, which defined Group-wide midterm environmental targets. We achieved zero emissions for all Nikon plants, as well as for five major Nikon Group manufacturing subsidiaries. CO₂ emissions, recognised as a major cause of global warming, have been successfully reduced to our environmental targets for fiscal 2005. Our efforts to minimise the environmental impact of our products continue unabated. This includes IC steppers, LCD steppers, cameras, microscopes, measuring instruments, surveying instruments, binoculars and customised equipment. One of our primary objectives has been to increase the usage of Eco-glass, and today its use in consumer products has climbed to 100%. In accordance with the increasingly stringent chemical regulations in Europe and elsewhere, we have adopted lead-free soldering technology, developed technology for environment-friendly surface treatment, and continue to strengthen our green procurement policy while investigating the potential of a host of exciting new materials.

Amid these developments, we have reviewed the Nikon Environmental Action Plan and expanded it for fiscal 2006. The most noteworthy amendment is the reduction of greenhouse gas emissions for fiscal 2011 from entry into force of the Kyoto Protocol. We have also made progress in Nikon Group-wide integration of ISO 14001 certification, which we are using to expedite the “Nikon Environmental Action Plan” and more efficient overall operations. Through these and other efforts, we pledge to do everything within our power to support and advance the prosperity and fulfilment of humankind.

We hope that this report provides a clear picture of our corporate activities for the achievement of sustainability. We welcome and greatly appreciate your input.



Michio Kariya
President, Member of the Board,
Chief Executive Officer and Chief Operating Officer

Michio Kariya

Company Profile

Company Profile

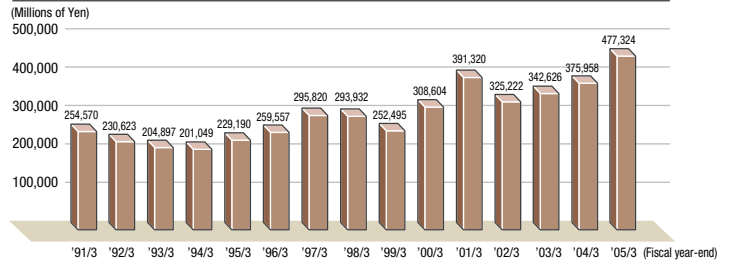
Corporate Name:	NIKON CORPORATION
Head Office:	Fuji Bldg., 2-3, Marunouchi 3-chome, Chiyoda-ku, Tokyo 100-8331, Japan Tel: +81-3-3214-5311
Established:	July 25, 1917
Capital: (as of March 31, 2005)	¥36,660 million
Net Sales: (for year ended March 31, 2005)	¥638,468 million (Consolidated) ¥477,324 million (Non-consolidated)
Number of Employees: (as of March 31, 2005)	16,758 (Consolidated) 4,250 (Non-consolidated)
Primary Business:	Manufacture and sales of optical instruments

Major Products of Nikon Group

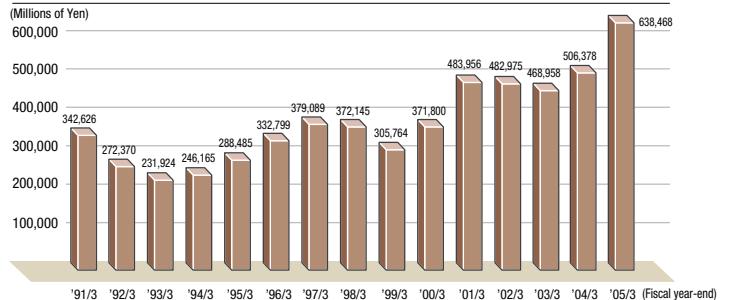
Precision Equipment Business (Precision Equipment Company*)	IC steppers/LCD steppers
Imaging Products Business (Imaging Company*)	Digital cameras/Film cameras/Interchangeable lenses/ Speedlights/Photographic accessories/Film scanners
Instruments Business (Instruments Company*)	Biological microscopes/Industrial microscopes/ Stereoscopic microscopes/Measuring instruments/ Inspection equipment
Customised Products Business (Customised Products Division*)	Customised equipment/Space-related equipment/ Astronomy-related equipment/ Nuclear power-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/Fieldsopes/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.

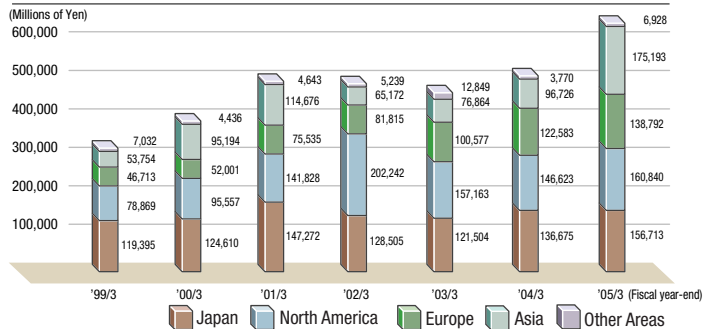
Net Sales (Non-consolidated)



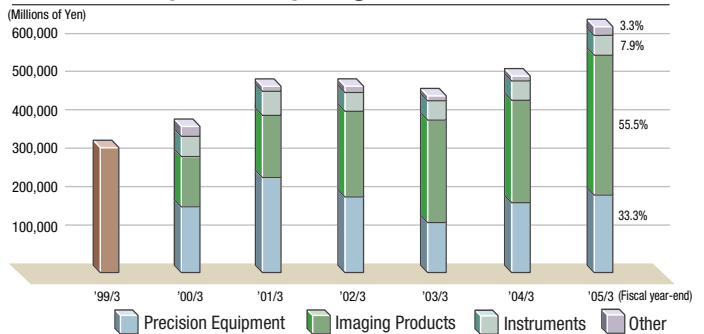
Net Sales (Consolidated)



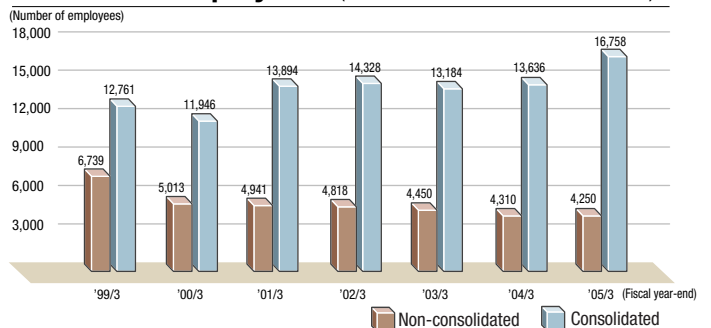
Net Sales in Japan and Export Sales by Region (Consolidated)



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 Nikon Group companies and 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

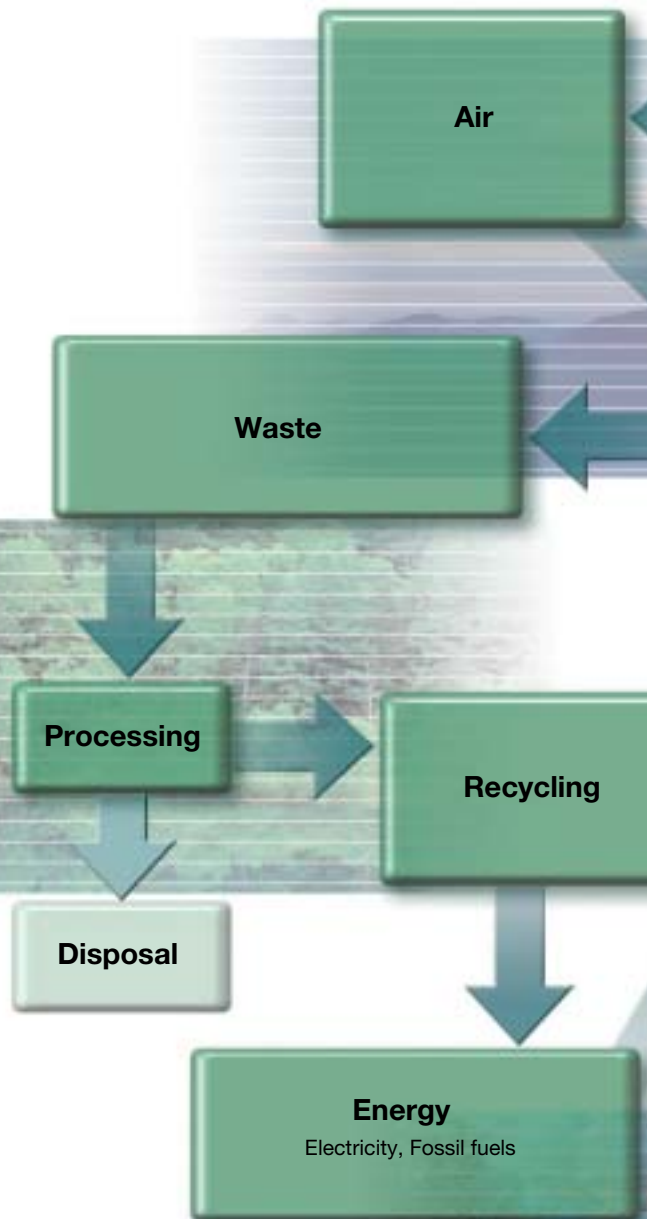
This symbol was created and introduced in 1998 to represent the environmental conservation and improvement activities being undertaken by the Nikon Group.

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

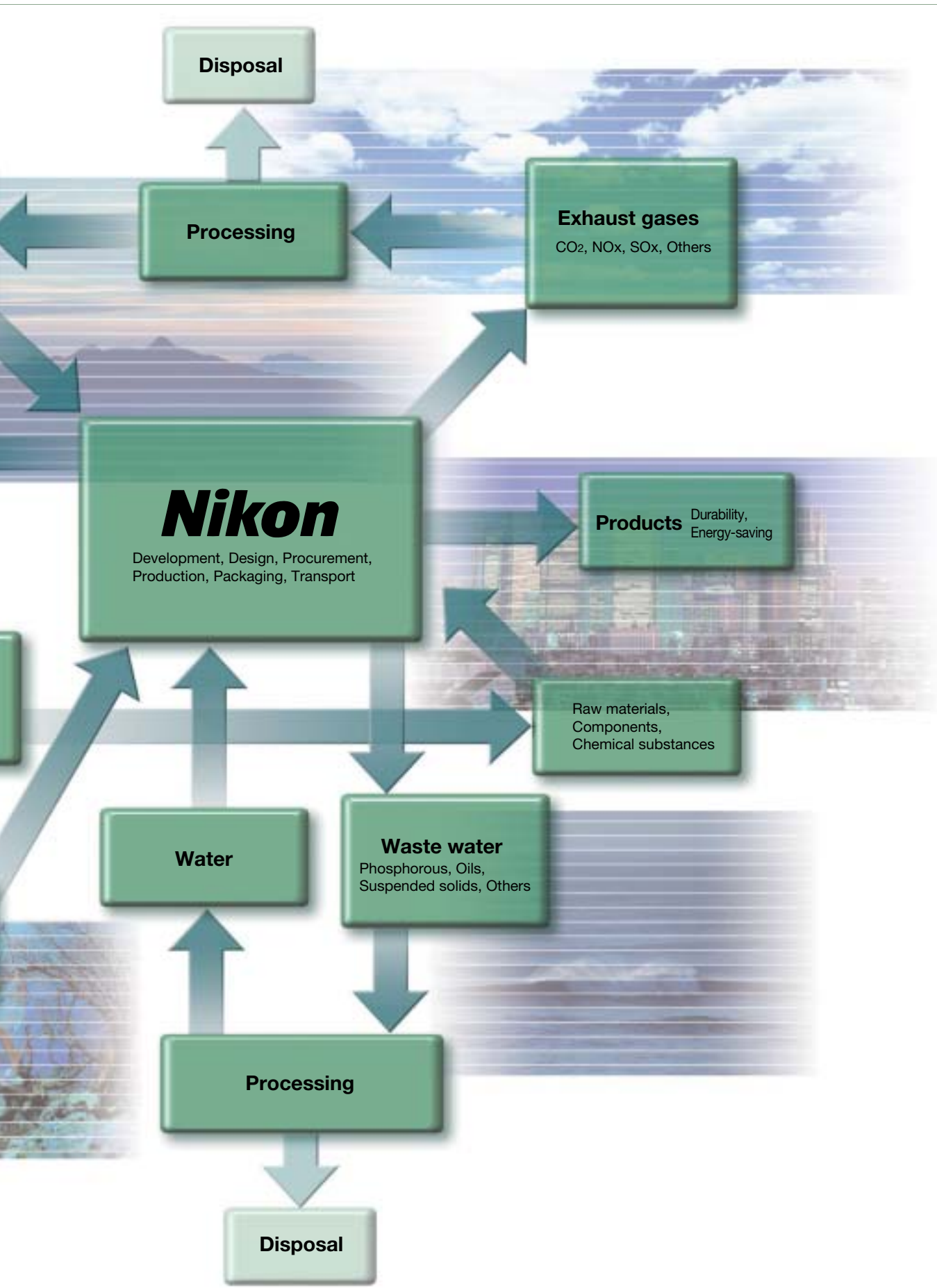
Input		Nikon	Subsidiaries	
Energy	Electricity	161,013	87,086	Mwh
	Gas	5,926	1,709	(thousand) m ³
	Heavy oil	224	2,565	Kl
	Water	1,260	566	(thousand) m ³
PRTR substance	1,1-dichloro-1-fluoroethane	0	2,375	t
	Dichloropentafluoropropane	0	4,491	t
	Dichloromethane	2,044	0	t
	Toluene	1,327	0	t
	Lead and lead compounds	6,600	0	t
	Nickel compound	0,655	0	t
	Boron and boron compounds	5,434	0	t
Output		Nikon	Subsidiaries	
CO ₂ exhaust	Electricity	60,863	32,918	t - CO ₂
	Gas	12,500	10,619	t - CO ₂
	Heavy oil	607	6,919	t - CO ₂
PRTR substance exhaust	1,1-dichloro-1-fluoroethane	0	2,056	t
	Dichloropentafluoropropane	0	3,864	t
	Dichloromethane	1,930	0	t
	Toluene	0,881	0	t
	Lead and lead compounds	0,005	0	t
	Nickel compound	0,000	0	t
	Boron and boron compounds	0,004	0	t
Disposal	Amount of waste generated	3,010	1,830	t
	Amount recycled	2,879	1,753	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

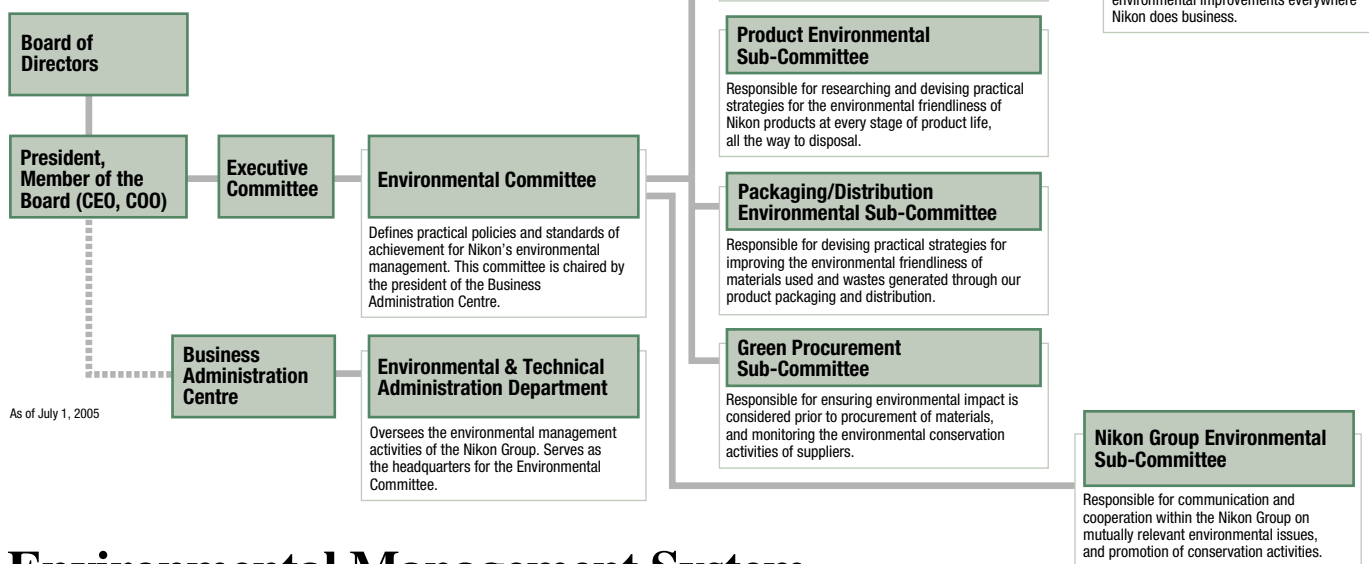


Environmental Management Organisation

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. Facilities that have been recertified are identified by an asterisk (*).

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.

Location	Date of Approval	Primary Activities	Location
Nikon Corporation	July 1998		Tokyo
Ohi Plant	*	Development of basic technology, development and design of Imaging Company products	Tokyo
Yokohama Plant	*	Development, design and manufacture of Instruments Company products and LCD steppers	Kanagawa
Mito Plant	*	Development of manufacturing technology, production of customised products	Ibaraki
Sagami-hara Plant	August 1998	Manufacture of optical glass, research and development of lenses	Kanagawa
Kumagaya Plant	August 1999	Development, design and manufacture of IC steppers	Saitama
Sendai Nikon Corporation	March 1997	Manufacture of cameras and LCD steppers	Miyagi
Zao Nikon Co., Ltd.	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, cameras	Ibaraki
Hikari Glass Co., Ltd (Akita Plant)	June 2000	Manufacture of optical glass, moulded optical glass	Akita
Okuma Shokai Co., Ltd.	May 2002	Sales and maintenance of microscopes, measuring instruments, inspection equipment, etc.	Fukushima
Kogaku Co., Ltd.	February 2003	Sales and maintenance of microscopes, measuring instruments, inspection equipment, etc.	Osaka
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

Environmental Accounting

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

Features

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

Basic Policy

The figures contained in our environmental accounts for fiscal 2005 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.

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

Development

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

Effects

The effects of our environmental activities are shown under the heading "Fiscal 2005 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 2005: 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, ozone layer protection	Energy-saving design, design products that use Eco-glass	-	93	93
	Production and inspection	Analysis of harmful chemical substances	24	8	32
	Containers and packaging	Reduction in use of plastics in packaging materials	-	0	0
	Green procurement	Investigation of harmful chemical substances	-	7	7
	Product Environmental Accounts		24	109	133
Workplace environment	Energy conservation	Replacement of air conditioning systems, installation of inverters	101	15	115
	Resource recycling	Recycling of waste plastics, promotion of paper reuse, reducing water use	7	29	36
	Reduction in use of harmful chemical substances	Promotion of use of alternative solvents, refurbishment of wash machines	51	1	52
	Green procurement	Enforcement of Green Purchasing Implementation Guidelines	-	3	3
	Improvement of office	Improvement of office environmental performance	-	29	29
	Workplace Environmental Accounts		159	77	236
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	220	398	618
Management activities		ISO 14001 related (EMS management, workplace education), introduction of greenery	-	380	380
Total			403	965	1,367

Classified According to Guidelines of the Ministry of the Environment (Fiscal 2005: Nikon Corporation only)

Unit: millions of yen

Category	Main Activities	Investment	Expenses	Total
Cost within business area		378	443	822
Pollution prevention costs	Operations management for gas and water emissions processing equipment, maintenance of noise and vibration-emitting facilities	190	179	369
Global environment conservation costs	Energy conservation, reduction in use of harmful chemical substances, control of dangerous substances	181	96	277
Resource recycling costs	Waste reduction (recycling of waste plastics, promotion of paper reuse), waste management, reducing water use	7	168	176
Upstream/Downstream costs	Investigation of harmful chemical substances, enforcement of Green Purchasing Implementation Guidelines	24	19	43
Management activities costs	ISO 14001 related (EMS management, workplace education)	-	406	406
R & D costs	Energy-saving design, design products that use Eco-glass	-	93	93
Social activity costs	Financial sponsorship for a wide range of activities	-	4	4
Environmental damage costs	Pollution Load levy	-	0	0
Total		403	965	1,367

Scope of Data:
Applicable Period: April 1st, 2004 to March 31st, 2005

* 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 2005 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/Downstream costs	Management activity costs	Social activity costs	Environmental damage cost	Total				
	Pollution prevention		Global environment conservation		Resource recycling		Expenses					Expenses	Expenses	Expenses	Investment	Expenses
	Investment	Expenses	Investment	Expenses	Investment	Expenses										
Product environment	Product development	-	-	-	-	-	-	-	-	-	-	-	-			
	Containers and packaging	-	-	-	-	-	-	-	-	-	-	-	-			
	Green procurement	-	-	-	-	-	-	0.8	-	-	-	-	0.8			
	Product Environmental Accounts	-	-	-	-	-	-	-	-	-	-	-	0.8			
Workplace environment	Energy conservation	-	-	20.6	1.9	-	-	-	-	-	-	20.6	1.9			
	Resource recycling	-	-	-	-	-	2.1	-	-	-	-	-	2.1			
	Reduction in use of harmful chemical substances	-	-	-	0.1	-	-	-	-	-	-	-	0.1			
	Green procurement	-	-	-	-	-	-	0.1	-	-	-	-	0.1			
	Improvement of office	-	-	-	-	-	-	-	4.0	-	-	-	4.0			
	Workplace Environmental Accounts	-	-	-	-	-	-	-	-	-	-	-	6.2			
Response to laws and regulations		11.2	104.5	-	2.9	3.2	68.5	-	-	-	-	11.2	179.1			
Management activities		-	-	-	-	-	-	109.9	0.5	1.4	-	-	110.4			
Investment		11.2	-	20.6	-	-	-	-	-	-	-	35.0	-			
Expenses		-	104.5	-	4.9	3.2	70.6	0.9	113.9	0.5	1.4	-	296.8			
Total													331.7			

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 “Environmental Targets for Fiscal 2005”, which

comprises the first year’s target of the “Nikon Environmental Action Plan for Fiscal 2005”. It separates the targets into 12 categories representing the product and workplace environments as shown below.

The following evaluation is for fiscal 2005.

The Nikon Environmental Action Plan for Fiscal 2005

Product Environment

Theme	Fiscal 2004 environmental targets	Fiscal 2005 results	Evaluation
Energy conservation (prevention of global warming)	[Energy consumption efficiency] • More than 30% improvement in overall energy efficiency of new products released, compared with figures of similar products already released.	• For the 23 applicable newly released products, 19 achieved a 30% or greater improvement in energy efficiency, with a simple average improvement of 62%. Some examples are introduced on pages 15–16.	○
	[Eco-glass usage ratio] • Use of Eco-glass in 100% of new optical designs for consumer products, and at least 94% for industrial products.	• Consumer products: 100% (97%). Industrial products: 95.5% (94.5%).	○
Reduction in use of harmful chemical substances	[Lead-free solder] • Use of lead-free printed circuit boards for electronic components in more than 50% of consumer products and at least 20% of new industrial products.	• Consumer products: 28%, boards: 61%. New industrial products: 20%.	○
	[Hexavalent chrome, lead, cadmium, mercury, PBB, PBDE, PVC] • Major reduction of levels of the above hazardous substances in consumer products.	• Newly released products achieved the targets. Products released earlier made progress in investigations and operations. They achieved the targets to an extent.	○
	[Ozone layer-damaging substances] • Reduction of IC and LCD steppers using HCFC as a refrigerant to fewer than 20% of all products.	• 23% (23%).	△
	[Green procurement] • Performance investigation and management implemented for key consumer products and selected industrial components.	• Target achieved.	○
Containers and packaging	[Plastic containers and packaging] • Reduction per net sales of at least 20% compared with figures from fiscal 2003 for consumer products.	• 5% reduction (37% increase).	△

Workplace Environment

Theme	Fiscal 2005 environmental targets	Fiscal 2005 results	Evaluation
Energy conservation (prevention of global warming)	[Greenhouse gas emissions] • Reduction in annual emissions per net sales of at least 3%, compared to levels for fiscal 2002.	• 25% reduction (8% increase).	○
Waste reduction	[Zero emissions] • Establishment of zero-emission systems at major manufacturing subsidiaries.	• Zero-emission systems were established for five major Japanese manufacturing subsidiaries. (Three major Japanese manufacturing subsidiaries established the system.)	○
	[Waste generation] • Reduction in amount of waste generation of at least 20%, compared with figures from fiscal 2001.	• 18% reduction (25% reduction).	△
Reduction in use of harmful chemical substances	[Chlorinated organic solvents] • Reduction in use of chlorinated organic solvents in wash at workplaces including major manufacturing subsidiaries, by at least 95% compared with figures from fiscal 1999.	• 98% reduction (95% reduction).	○
Green procurement	[Eco-procurement products] • Conformity with guidelines for at least 70% of all products.	• 79% (66%).	○

*In the section titled, “Fiscal 2005 results”, the data in parentheses are results through fiscal 2004.

Symbols: Circle indicates progress on-schedule; triangle denotes insufficient effort; “X” represents significant gap between stated goal and actual performance.

Nikon introduced a new three-year plan, “Nikon Environmental Action Plan for Fiscal 2005” (from fiscal 2005 to fiscal 2007), which incorporates considerable revisions to the previous plan. The long-term target for fiscal 2011 — the reduction of greenhouse gas

emissions — is also displayed.

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

The Nikon Environmental Action Plan for Fiscal 2006

Product Environment

Theme	Midterm/long-term environmental targets	Targets for fiscal 2006
Energy conservation (prevention of global warming)	[Energy consumption efficiency] • More than 30% improvement in overall energy efficiency of new products released between fiscal 2006 and the end of fiscal 2008, compared with figures for similar existing products.	• Improvement of 30% or greater.
Reduction in use of harmful chemical substances	[Eco-glass usage ratio] • Use of Eco-glass in 100% of new optical designs for consumer products, and at least 98% for industrial products by fiscal 2008.	• 100% of consumer products, at least 96% of industrial products.
	[Lead-free solder] • Use of lead-free printed circuit boards for electronic components in 100% of consumer products (as covered in RoHS Directive) by the second half of fiscal 2006, and in 100% of industrial products shipped by fiscal 2008.	• 100% of consumer products by the second half of fiscal 2006, and at least 50% of industrial products by the second half of fiscal 2006.
	[Hexavalent chrome, lead, cadmium, mercury, PBB, PBDE, PVC] • Total elimination of these substances in consumer products shipped, excluding non-alternative materials, by the second half of fiscal 2006.	• Total elimination of aforementioned substances in consumer products by the second half of fiscal 2006.
	[Ozone layer-damaging substances] • Total elimination of HCFC as a refrigerant in IC and LCD steppers shipped in fiscal 2008.	• Reduction of models utilising HCFC to 10% or fewer of total models shipped.
Green procurement	[Reduction in use of harmful chemical substances] • Completion of investigation of special hazardous substances in all consumer products (including sales promotion and RP items) by fiscal 2007, and major industrial products, by fiscal 2008.	• Performance investigation and management implemented for all consumer products and major industrial components of flagship products.
Packaging and distribution	[Greenhouse gas emissions] • Reduction in CO ₂ emission, per t · km, of 5% compared with fiscal 2006 for Japanese domestic distribution, by fiscal 2008.	• Understand the CO ₂ emission rate in Japanese domestic distribution.

Workplace Environment

Theme	Midterm/long-term environmental targets	Targets for fiscal 2006
Energy conservation (prevention of global warming)	[Greenhouse gas emissions] • Reduction in annual emissions per net sales of 35% by fiscal 2011 and at least 29% by fiscal 2008, both compared to levels for fiscal 2002.	• Reduction of at least 25%
Waste reduction	[Zero emissions] • Maintenance of zero-emission systems at all plants and major Japanese manufacturing subsidiaries, with plans to expand to other plants from fiscal 2006. [Waste generation] • Reduction in amount of waste generated by at least 35% by fiscal 2008, compared with figures for fiscal 2001.	• Maintenance of the system. • Reduction of at least 25%
Reduction in use of harmful chemical substances	[Chlorinated organic solvents] • Elimination of chlorinated organic solvents in wash used at all workplaces, including major Japanese manufacturing subsidiaries by the end of fiscal 2006.	• Total elimination.
Green procurement	[Eco-procurement products] • Conformity with guidelines for at least 90% of all products by fiscal 2008.	• Conformity with guidelines for at least 80% of all products.
ISO14001	[Integration of certification] • Obtain integrated ISO14001 certification for Nikon Corporation by the end of fiscal 2006. Obtain integrated ISO14001 certification for Nikon and major Japanese manufacturing subsidiaries by the end of fiscal 2007.	• Obtain integrated ISO 14001 certification for Nikon Corporation.

Activities in the Product Environment

Product Assessment

To minimise the adverse environmental effects of our products throughout their life cycles (see diagram at right), 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 gradually 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 harmful substance management, such as surface treatment. Our

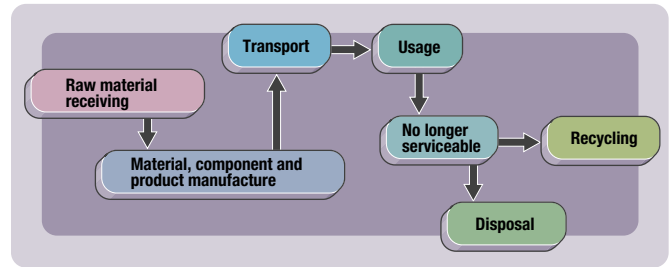
Features of Nikon Product Assessment System

- Priority placed on reducing consumption of resources and energy; recycling; long product life; reduction in use of harmful 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.
- Continuous revision through item addition and improvement; Version 4 is currently in use.
- Vigilance in product improvement from one model to the next.
- Support designers by building and maintaining an environmental database of material information (eco-glass, flame retardants, 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 "Power Consumption 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 secondary 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

General life cycle for Nikon products



development and design divisions intend to redouble their efforts with the goal of a more favourable evaluation in the newest edition.

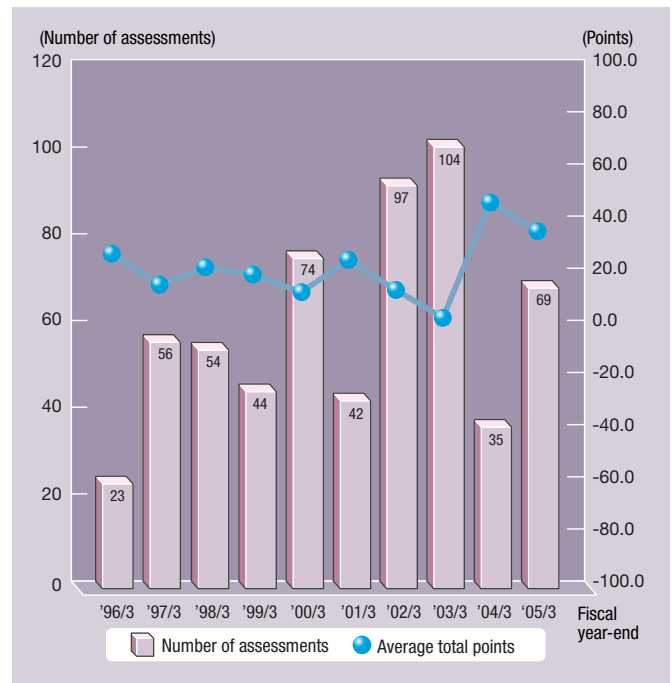
Nikon Product Assessment Record

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 10-year period from fiscal 1996 to fiscal 2005, a total of 592 assessments were made under this programme, with an average assessment of +17.0 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 gradually being rewarded.

Product Assessment Results (through FY2005)



- components such as lens elements (page 13).
- Strict observance of environmental laws and regulations.
- Overall assessment (comments on degree of improvement, overall assessment points, etc.).

- [Eco-glass usage ratio]
 • Use of Eco-glass in 100% of all optical designs for consumer products, and at least 94% for industrial products.



Activities in the Product Environment

Environmentally Sound Optical Glass (Eco-glass)

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 1998, 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 in the glass manufacturing departments of Nikon and Hikari Glass. During fiscal 2005, we achieved an Eco-glass utilisation rate of over 90% of all glasses shipped, at least 1,000t, 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 %

Rates of Eco-glass utilisation in glass manufacturing department

(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)

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

Targets

- [Lead-free solder]
- Use of lead-free printed circuit boards for electronic components in more than 50% of consumer products and at least 20% of new industrial products. [Hexavalent chrome, lead, cadmium, mercury, PBB, PBDE, PVC]
- Major reduction in levels of the above hazardous substances in consumer products.



To minimise harmful 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.

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 100 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 2005, 100% lead-free solder was used for new consumer products including the D2x and D50 digital SLR cameras and the Monarch Gold Laser 1200 portable laser distance meter, among others. Boards for existing products are also gradually being converted to the use of 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 microscopes and surveying instruments.

We expect to use lead-free solder in all consumer products and expand the range of industrial products using lead-free solder to include steppers and many others.

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.

We are also developing new substances to replace hexavalent chrome in surface treatment, investigating technologies to replace PVC in cable and wire sheathing and camera cases, and investigating the potential of alternative materials for a wide range of metals, plastics and electronic parts. Our goal is to develop products which use none of these hazardous substances.

Examples of Environmentally Friendly Product Development

Targets

[Energy consumption efficiency]

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

[Ozone layer-damaging substances]

- Reduction of IC and LCD steppers using HCFC as a refrigerant to fewer than 20% of all products.



The entire Nikon Group is implementing the “Nikon Product Assessment” to create new products which offer enhanced power consumption efficiency, are smaller and lighter, use less harmful

substances, and utilise lead- and arsenic-free Eco-glass. We believe these improvements will be most beneficial to the global environment. Here are a few examples:

Precision Equipment Company Products

● IC stepper NSR-S308F

Featuring a projection lens with a world-leading standard and ultra-high N.A. of 0.92, this state-of-the-art lens-scanning ArF excimer stepper handles volume production of advanced 65nm or finer line-width devices. Its new body enables enhanced throughput and alignment accuracy, and power consumption efficiency has been optimised. The optical system uses as much eco-glass as possible.

<Power consumption efficiency> 63% higher than the NSR-S307E 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.

<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-S308F

Imaging Company Products

The Imaging Company has steadily promoted the development of environment-conscious products. In recent years, we supported such activities to clear the RoHS Directive baseline*1 that goes into effect from July 2006 in Europe. In fiscal 2005, we managed to develop several such products.

*1 RoHS Directive baseline

Restricts electric and electronic products sold in the European Union that contain environmentally damaging substances. In principle, the usage of hexavalent chrome, lead, cadmium, mercury, PBB and PBDE is prohibited unless there are no alternative materials. For detailed baselines that were not decided yet, we have adopted our own baseline.

● Digital SLR camera D2x

Incorporates Nikon’s new proprietary 12.4-effective-megapixel CMOS sensor to provide superior-quality images. This professional digital SLR camera offers high-speed performance, including continuous shooting at about 5 frames per second and a start-up time as short as film cameras.

<Power consumption efficiency> 66% higher than the D1x, thanks to the power-efficient circuit design.

<Lead-free solder> All electronic circuit boards use lead-free solder.

<Reduction of hazardous substances> Clears RoHS Directive baseline*1 ahead of schedule.

<Eco-glass usage > 100%



D2x

● Digital SLR camera D50

The entry-level D50 digital SLR offers photo-shooting ease that anyone can master. Digital image program provides seven scene modes, including “Child”, freeing you to concentrate on the moment for outstanding photos. An ideal camera for family use.

<Reduced product mass> 23% (160g) less than the D100.

<Lead-free solder> All electronic circuit boards use lead-free solder.

<Reduced hazardous substances> Clears RoHS Directive baseline*1 ahead of schedule.

<Eco-glass usage> 100%



D50

● Digital camera COOLPIX S1

Stylish, compact, lightweight digital camera with thin, full-metal body. Three advanced features*2 for more attractive faces. Versatile Scene Mode makes it easy to shoot beautiful photos.

*2 World’s first “Face-priority AF”, “D-lighting”, and “Advanced Red-Eye” support to shoot people in a wide range of situations.

<Power consumption efficiency> 63% higher than COOLPIX 5200

<Lead-free solder> All electronic circuit boards use lead-free solder.

<Reduction of hazardous substances> Clears RoHS Directive baseline*1 ahead of schedule.

<Eco-glass usage> 100%



COOLPIX S1

● Digital camera COOLPIX 5600

Easy, fun compact digital camera with 5.1 effective megapixels. Simple operation combined with high performance enables smooth shooting even for digital beginners.

<Power consumption efficiency> 123% higher than COOLPIX 3100

<Reduction of hazardous substances> Extensive reduction of hexavalent chrome, lead, cadmium, mercury, PBB and PBDE

<Eco-glass usage> 100%



COOLPIX 5600

● **Interchangeable lens AF-S DX Zoom-Nikkor 18-55mm f3.5-5.6G IF-ED (comes with D50)**

This zoom lens was developed specifically for use with Nikon digital SLR cameras. It spans the often-used focal length range from wideangle to mid-telephoto, and delivers a substantial reduction in mass and weight while providing superior resolution throughout the full focal range.

The Silent Wave Motor (SWM) delivers fast, quiet auto-focussing drive performance.

<Reduced product mass> 46% (180g) less than the AF-S DX Zoom-Nikkor 18-70mm f3.5-4.5G ED

<Lead-free solder> All electronic circuit boards use lead-free solder.

<Reduction of hazardous substances> Clears RoHS Directive baseline*1 ahead of schedule, PVC not used in main materials

<Eco-glass usage> 100%



AF-S DX Zoom-Nikkor 18-55mm f3.5-5.6G IF-ED

Instruments Company Products

● **Industrial microscope ECLIPSE LV100Di**

The ECLIPSE LV100D meets a diverse range of industry needs. With new standard objective lenses, specially designed digital cameras and diverse accessories, it responds flexibly to a wide variety of applications. Improved illumination optical system greatly enhances brightness and reduces the power consumption of the lamp house from 100W to 50W.

<Power consumption (brightness per power consumed)> 100% higher than the ME600L

<Number of parts used> 14% reduction

<Durability, easy repair> Electric revolver provides four times the power durability of existing lines, module structure enables simple part replacement.

<Reduction of hazardous substances> Major reduction of hexavalent chrome for surface treatment of mechanical parts such as structure, body, and screws, PVC not used in key materials such as electric wire.

<Eco-glass usage*> 92%

* Based on standard combination of condenser lens, illumination optics, and microscope body tube, except objective lens.



ECLIPSE LV100D

Nikon Group Products

● **Surveying instrument field station GF-400/GF-400N series**

Sophisticated, high-performance field station with distance/angle surveying and field-computer features. Multiple storage and transfer selections (USB, CF card, Bluetooth®, etc.) make for greater convenience, and distance surveying improvements (GF-400N: faster distance surveys) offer enhanced technical advantages. Reduced power consumption also contributes to the longest hours available with a one-time battery charge among all surveying instruments. The GF-400N non-prism surveying instrument, in particular, offers far-reaching improvements in the time required for measurements. Compared with existing products, it provides eight times more surveying time per power consumption.

<Power consumption efficiency> Approximately 700% greater than the GF-300N (GF-400N).

<Battery use time> 25% longer than GF-300N (GF-400), 33% longer than GF-300N (GF-400N).

<Reduction in hazardous substances> Shift to nylon from PVC for dust-proof cover used for surveying downtime.

<Eco-glass usage> 100%



GF-400N

● **Portable laser rangefinder Monarch Gold Laser1200**

An advanced version of the Laser 800S, which has earned high marks as a laser rangefinder for outdoor activities and sports such as golf, as well as engineering construction. The Laser1200 offers sophisticated long-distance measurement of up to 1,200 yards.

While reducing drain on the battery, Nikon has improved performance with the same number of parts as earlier models.

<Power consumption efficiency> 50% higher than the LASER 800S.

<Longer life> Nitrogen-filled waterproofing prevents equipment malfunction caused by moisture.

<Lead-free solder> Lead-free solder used on all circuit boards.

<Reduction in hazardous substances> No PVC used in wire sheathing, body, case or strap; no hexavalent chromate treatment.

<Eco-glass usage> 100%



Monarch Gold Laser 1200



Lead-free board

● **Binoculars ProStaff WP 8x25, 9x25, 10x25, 12x25**

Sophisticated Nikon compact binoculars with lightweight, waterproof body. Aspherical eyepiece lenses deliver a sharper view to the edge of the field. Other performance features include improved viewing adjustment.

<Reduced product mass> ProStaff WP 8x25: 21% (95g) less than Sherte II 8x25.

<Longer life> Nitrogen-filled waterproofing prevents equipment malfunction caused by moisture.

<Reduction in hazardous substances> No PVC used in internal or external components, case or strap; no hexavalent chromate treatment; usage of lead-free, free-cutting alloy

<Eco-glass usage> 100%



ProStaff WP 10x25

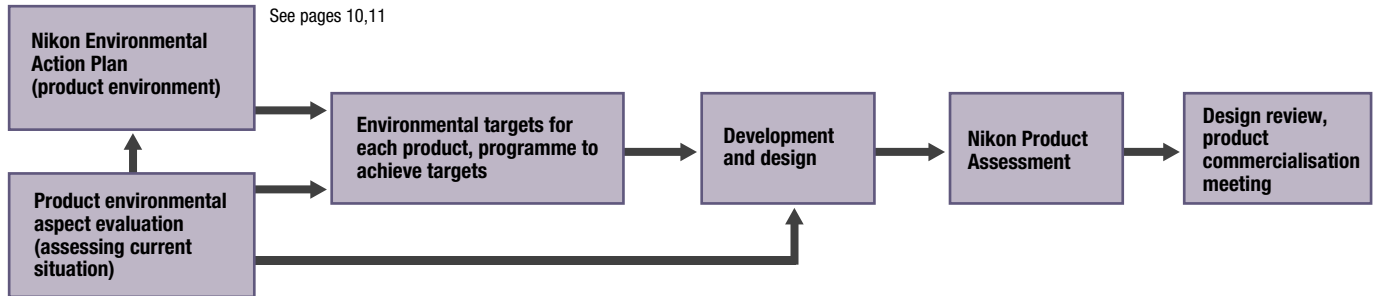


PVC-free case

Future Activities

We have established a rigorous system for environment-oriented design activities with continual enhancement. We are applying this system to greater energy efficiency improvement, full-scale usage of lead-free solders and Eco-glass, the reduction of harmful heavy

metals and PVC, and clearing the RoHS Directive baseline ahead of schedule in Europe. We are confident that our activities will result in an entirely new level of environmental friendliness.



Activities in the Product Environment Containers and Packaging

Targets

[Plastic containers and packaging]
• Reduction per net sales of at least 20% compared with figures from fiscal 2003 for consumer products.







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 harmful substances.
2. Reduction in volume and content.
3. Recyclability.
4. Safety and ease of separation of

5. Use of recycled resources.
6. Reusability.
7. Marking regarding packaging materials and handling precautions.

The activities implemented based on this policy are as described in the following chart:

Theme	Policy	Contents	Application	
Non-vinyl chloride film	1. Elimination of harmful substances	Switch from use of vinyl chloride material, which is considered a major source of dioxin, to non-vinyl chloride materials such as polypropylene.	Wrapping materials for equipment such as steppers	 Cushioning film
Plant-derived filler materials	2. Reduction in volume and content	Plant-derived filler materials are made from bean and wheat husks. They are significantly safer and more environmentally friendly filler materials than those derived from crude oil. We also use biodegradable resins in packaging containing filler materials.	Microscopes	
Cushioning film	2. Reduction in volume and content	Support with elastic film enables significantly reduced consumption of cushioning material.	Cameras	 Reinforced cardboard boxes
Reinforced cardboard boxes	2. Reduction in volume and content 3. Recyclability 5. Use of recycled resources	Adoption of reinforced three-layer cardboard boxes has enabled a significant reduction in weight and volume of packaging in comparison with old-style wooden boxes.	Stepper body (for shipping to certain destinations)	 Steel pallet
Single-material presentation cases	4. Safety and ease of separation of materials	Use of film in presentation cases has been eliminated. Cases are now made from paper only, for ease of breakdown and decomposition.	Accessories	 Pulp moulding
Assembly-type packaging	4. Safety and ease of separation of materials	The filler material and the cardboard are assembled manually for ease of separation later. Old-style packaging involved a fusing of different materials (cardboard and a crude-oil derived filler material).	Microscopes	
Steel pallet	4. Safety and ease of separation of materials 6. Reusability	Smoke sterilisation process used with wooden pallets is no longer necessary. This also contributes to the conservation of forests.	Stepper	
Pulp moulding	5. Use of recycled resources	A paper filler material consisting of 55% recycled paper. This material is gradually being introduced as an alternative to crude oil derivatives.	Cameras, interchangeable lenses, microscopes	
Dedicated transport containers	6. Reusability	Dedicated containers are used for shipment to certain corporations.	Microscopes	
Polyethylene bags	7. Marking regarding packaging materials and handling precautions	All packaging material is marked to facilitate separation. All bags, other than those of extremely small size, are marked with a warning of suffocation risk to infants.		

So far, we have achieved the following in our challenge to meet targets:

- In fiscal 2004, use of plastic containers and packaging for consumer products increased by 37% in weight against fiscal 2003 levels due to the dramatic growth of the digital camera business. As a result of our best efforts to reduce the use of plastic, the figure decreased by 5% in weight in fiscal 2005.
- Through the use of single-material presentation cases and assembly-type packaging, as well as other methods, from fiscal 2003 through 2004 we achieved our target of eliminating the use of non-separable multi-material for new packaging in fiscal 2005.

Examples of Implementation in Sales and Distribution

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 used 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. With this steady growth, by fiscal 2005 the total volume of shipments had reached 138 units. 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.

2. Recycling of packaging materials and batteries in Japan

(1) Packaging materials

Nikon have contracted the services of JCPRA (Japan Containers and Packaging Recycling Association) to collect and recycle packaging materials used during the sale of Nikon products.

(2) Batteries

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

3. Recycling of packaging materials, batteries and used products in Europe

(1) Packaging materials and batteries

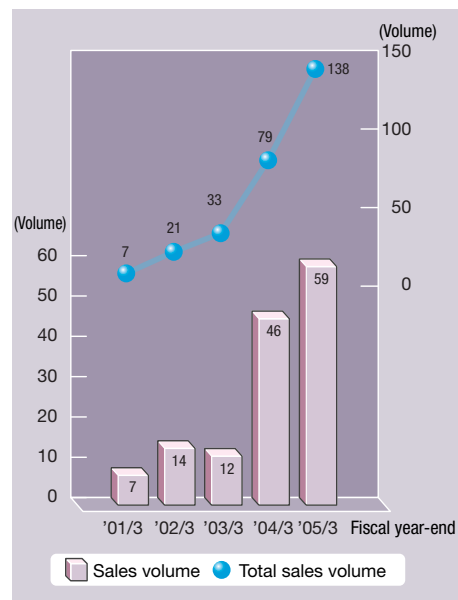
Our overseas subsidiaries participate in recycle associations that gather and recycle packaging materials used during the sale of Nikon products, as well as used camera batteries from users.

(2) Used products

Reflecting the WEEE Directive* and policies in the EU and individual European countries, used Nikon products must be recycled and disposed of properly in those areas. We have investigated the situation with our overseas subsidiaries in the relevant countries and begun preparing to take specific concrete measures.

*WEEE Directive: Manufacturers of major electric and electronic equipment are responsible for recycling used products from August 2005.

Sales volume of Nikon used steppers



NSR-2205i 12D, a popular used product

Energy Conservation

(anti-global-warming measures)

Targets

[Greenhouse gas emissions]

- Reduction in annual emissions per net sales of at least 3%, compared to levels for fiscal 2002.



Carbon dioxide (CO₂), 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 gas emissions. The control of CO₂ emissions through savings in energy use is one way in which global warming may be slowed.

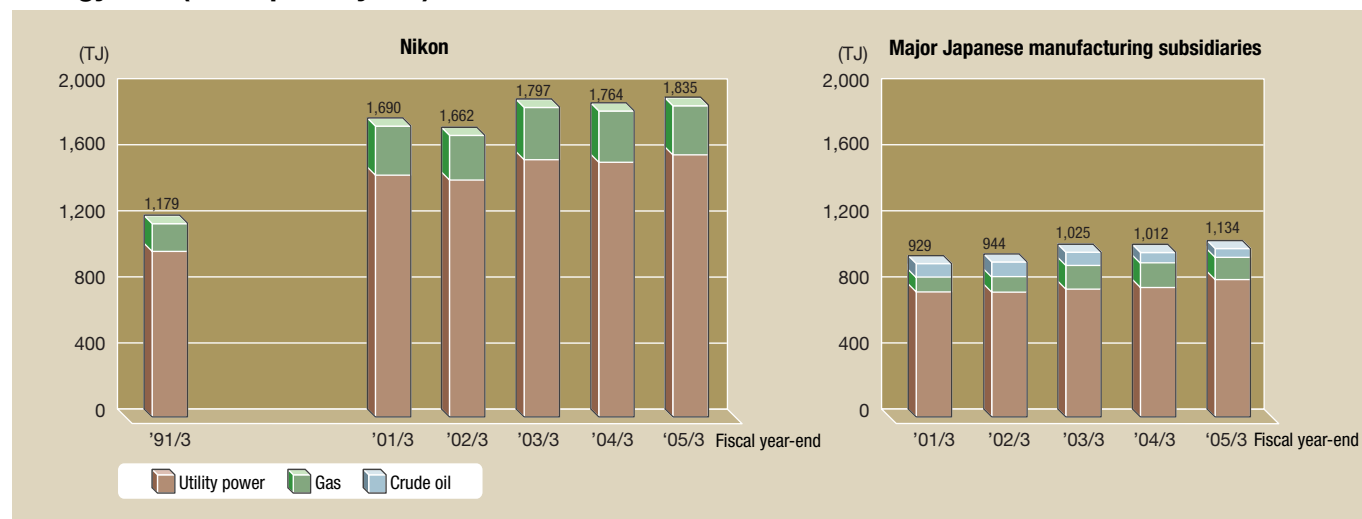
Nikon has established a target for reduction in energy use, including electricity — a major source of CO₂ emission. In fiscal 2005, we intend to reduce the average annual emissions of greenhouse

gases by at least 3% per net sales compared with fiscal 2002.

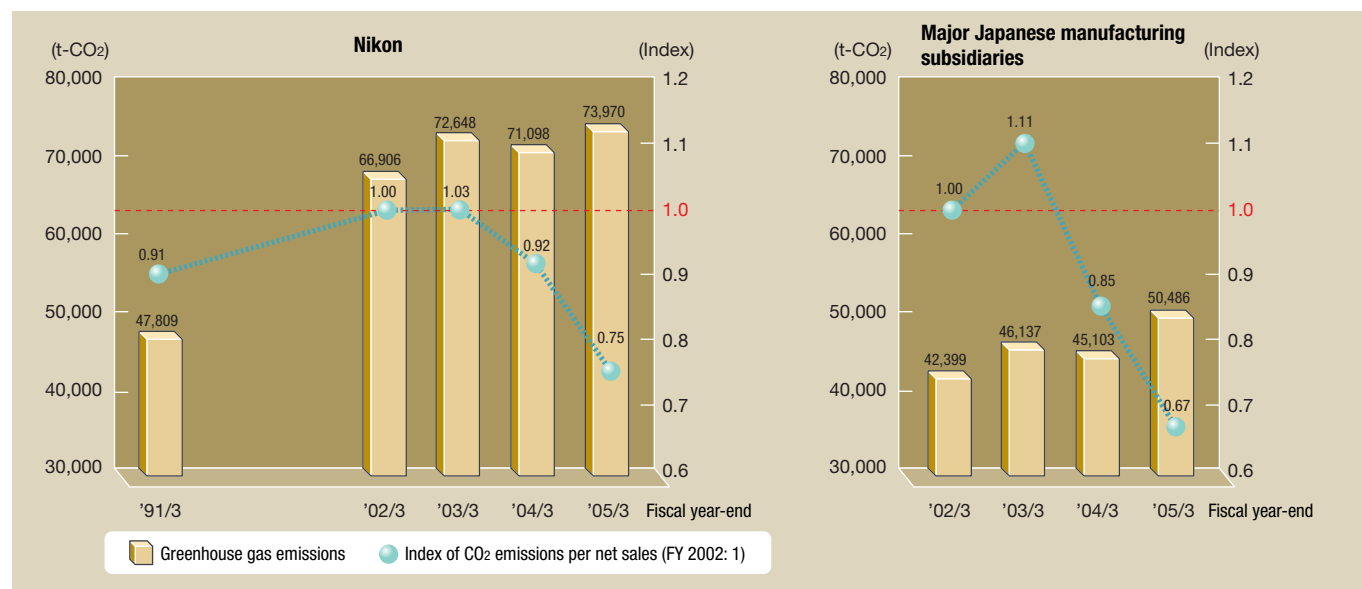
In fiscal 2005, we improved the efficiency of our air conditioning system and switched to a lighting system that uses energy more efficiently. We have also implemented and promoted various energy-saving measures such as improvements in the manufacturing process and conscientious use of lighting and office equipment. As a result, we were able to achieve a 24.7% reduction in energy use, and major Japanese manufacturing subsidiaries* were able to achieve a reduction of 32.8%, well beyond our target.

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

Energy Use (heat quantity: TJ) TJ: 10¹² joules



CO₂ Emission



*Standard figures for calculating CO₂ 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 2006.

- 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

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.

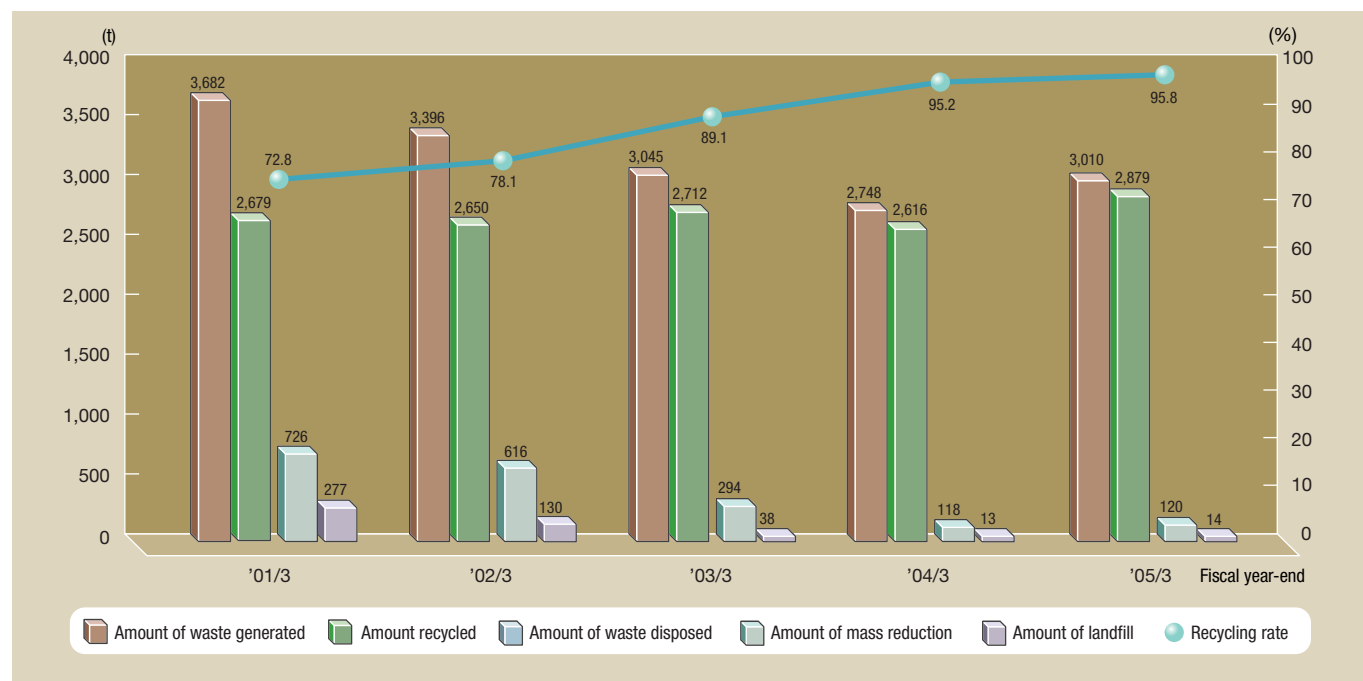
Nikon is committed to the concept of a “Resource Recycling Society”, in which the world’s valuable resources are used as effectively as possible. Through our activities, we are headed in the right direction in pursuit of this objective.

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 95.8%, while we reduced landfill rate by 0.47%. 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.

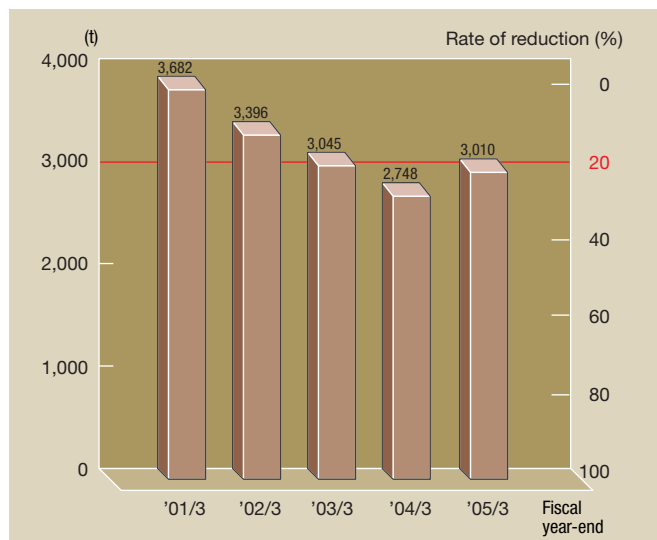
From this point forth, we will maintain our zero emission systems with emphasis on the 3R*² principle, and we will work to develop more recycling technologies and foster relationships with recycling agencies.



*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

Nikon set a target to reduce waste generation by fiscal 2005 by at least 20% (compared with fiscal 2001 level per net sales) propelled by the momentum created by the 3R principle. However, following our 18.2% reduction in waste generation in fiscal 2004, we were unable to achieve that goal. The main reason was that disposal of optical glass and industry sludge increased due to increased production of precision equipment.

CO₂ Emission



Targets

[Waste generation]

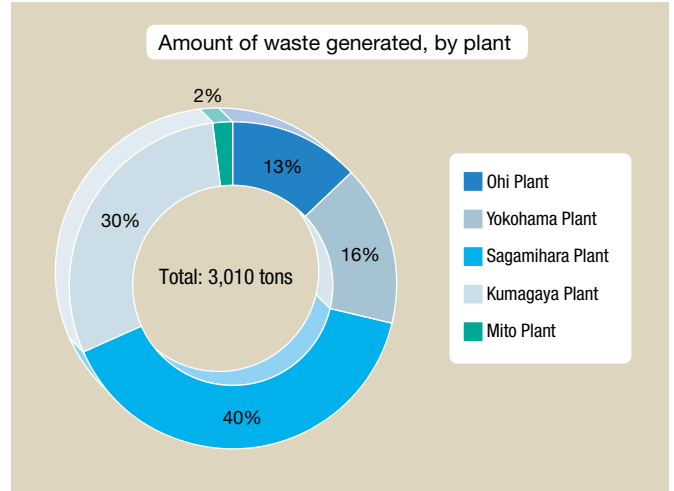
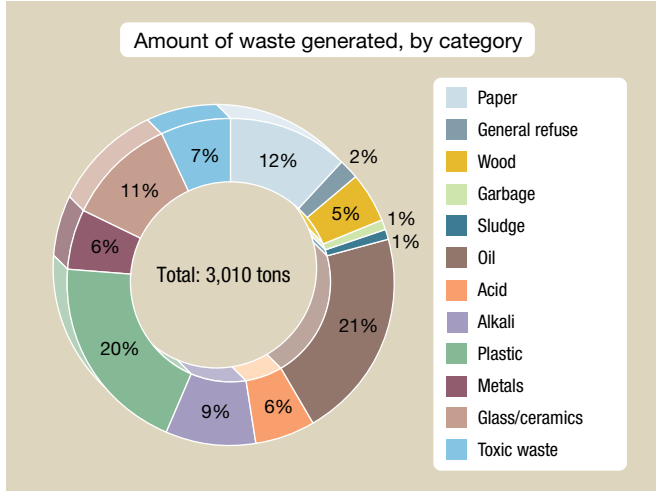
- Reduction in amount of waste generation of at least 20%, compared with figures from fiscal 2001.



Breakdown of Waste during Fiscal 2005

The breakdown of Nikon's waste during fiscal 2005 is as shown in the graphs below.

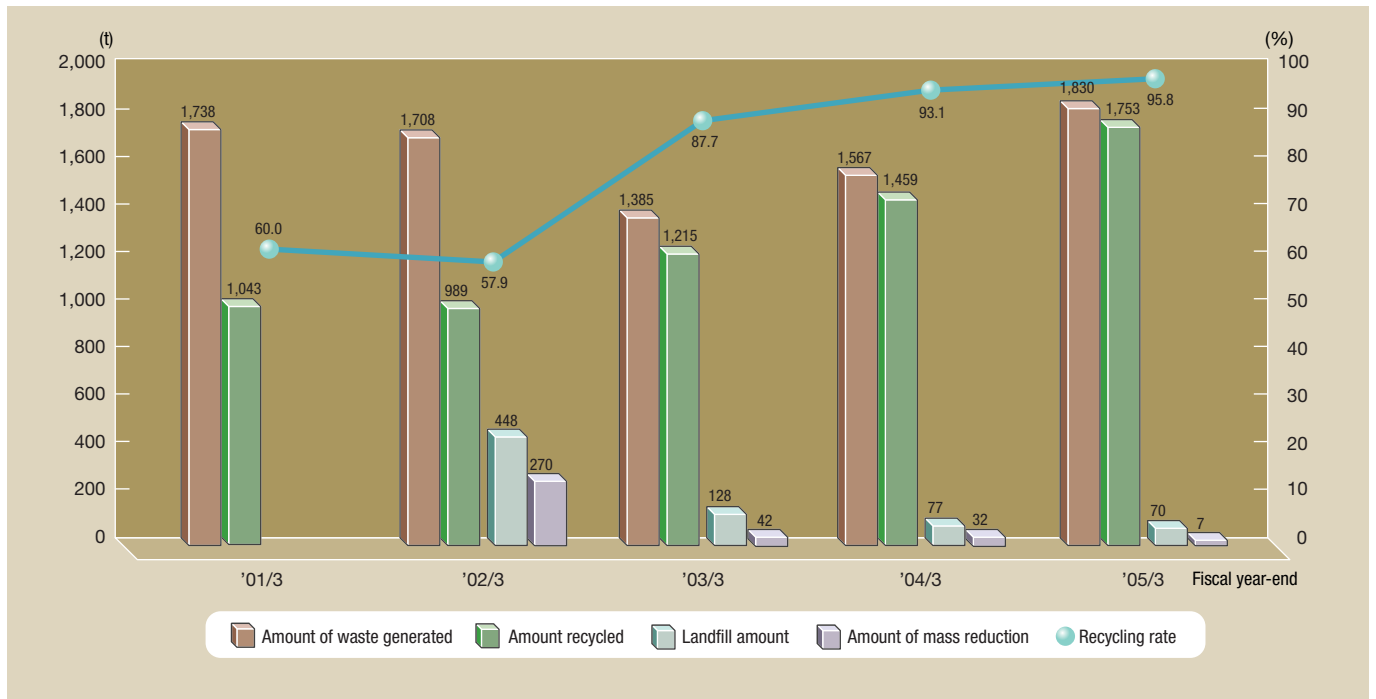
(Figures in the graphs have been rounded up or down to the nearest whole number, so some of the graphs do not total 100%).



Discharge Disposal, Recycling of Waste (major Japanese 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 95.8% recycling level in fiscal 2005, with 0.38% landfill. They have also taken a pledge to achieve zero emissions.



Activities in the Workplace Environment

Zero Emissions

Targets

- [Zero emissions]
 • Establish zero-emission systems at major manufacturing subsidiaries.



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 2005 was about 3,000 tons, with a landfill rate of only 0.47%, 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

Examples of recycling

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

Nikon plant name	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)

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.

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.

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.

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 12 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.



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.



Recycling Garden Waste (Mito Plant)

Lawn clippings are pulverised and spread over the grounds to help control weed growth.



Activities in the Workplace Environment

Control of Chemical Substances

Targets

[Chlorinated organic solvents]

- Reduction in use of chlorinated organic solvents in wash at workplaces including major manufacturing subsidiaries, by at least 95% compared with figures from fiscal 1999.



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

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

Nikon's PRTR

The "Nikon PRTR Guide" was released in March 2000, and management activity for the specified chemical substances is underway at each plant. This guide serves as a safety management standard which clearly outlines handling and disposal according to MSDS, for all product phases from procurement to use and disposal.

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

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.

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.

such notifications.

Reporting quantities of one ton or more (0.5 tons or more for specific chemical substances of first kind) has become required by law as of fiscal 2004. In accordance with the statute, here are the reports for each of our plants.



Nikon PRTR Guide

PRTR Survey Results for fiscal 2005

Nikon Corporation

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	145	Dichloromethane	2,044	1,930	0	0	0	114	0	0	0
Sagamihara Plant	230	Lead and lead compounds	6,600	5	0	0	0	2,700	0	0	3,895
	304	Boron and boron compounds	5,434	4	0	0	0	2,219	0	0	3,210
Kumagaya Plant	227	Toluene	1,327	881	0	0	0	423	0	0	23
	232	Nickel compound	655	0	0	0	0	125	0	0	530

* No substances reported at the Ohi or Mito Plants.

Major Japanese manufacturing subsidiaries

Subsidiary	Substance No.	Substance name	Volume handled	Air	Public water	Soil	Sewage	Waste	Amount in on-site landfill	Amount removed for processing	Amount shipped in product
Tochigi Nikon	144	Dichloropentafluoropropane	4,491	3,864	0	0	0	0	0	0	627
Zao Nikon	132	1,1-dichloro-1-fluoroethane	2,375	2,056	0	0	0	0	0	0	319

* No substances reported at Mito Nikon, Sendai 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

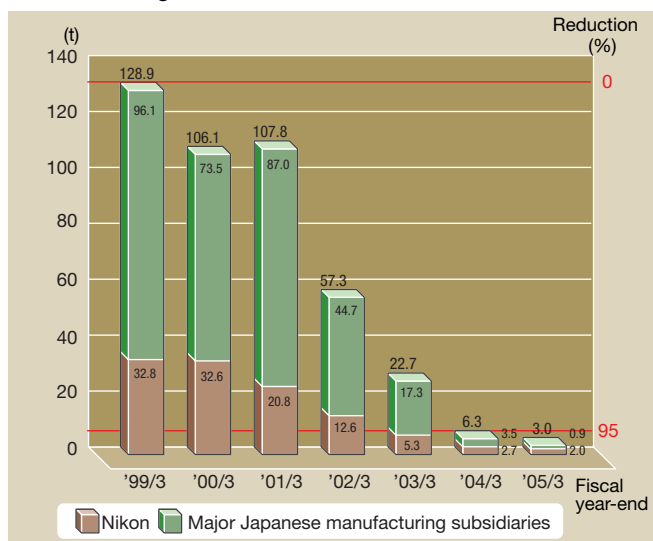
The key question is how to best reduce the amount of chemical substances used. This is more than merely avoiding the risk of environmental pollution, and in fact signifies an improvement in Nikon's design and production systems. We are constantly working to reduce the volume of chemical substances used 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.

The graph at right shows amounts used since fiscal 1999. The amount used in fiscal 2005 was 97.7% less than in fiscal 1999 — we achieved our goal of a reduction of no less than 95%.

Chlorinated organic solvent amount used



Prevention of Pollution and Protection of Air and 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 2005

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	0.0026	
	NOx	45	45	39	
Cooling and heating equipment/appliance	Dust	0.15	0.12	0.016	
		0.15	0.12	0.013	
		0.15	0.12	0.016	
	NOx	45	45	32	
		45	45	26	
		45	45	29	
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	6.4-7.8	
	BOD	300	240	189	
	SS	300	240	264 *	
	n-hexane (animal/vegetable)	30	24	49.9 *	
	Iodine demand	220	176	1.9	
	Copper	3	2.4	0.01	
	Zinc	5	4	0.78	
	Soluble iron	10	8	1.9	
	Total chrome	2	1.6	0.0	
	Fluorine	15	12	2.5	
	Nitrogen	120	96	27	
	Phosphorous	16	12.8	1.7	
	Health	Lead	0.1	0.08	0.00
		Dichloromethane	0.2	0.16	0.00
* Occurred July 2004 (exceeded regulatory and plant standards) Cause: Improper collection during water quality measurement. Corrective action: Review and retrain staff in measurement procedures.					

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	26	
		65	60	33	
		65	60	24	
		46	42	28	
		46	42	42	
		46	42	24	
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	6.2-7.7	
	BOD	600	540	2.3	
	SS	600	540	7.7	
	n-hexane (mineral)	5	4.5	1.9 * ¹	
	Iodine demand	220	200	0.7	
	Copper	1	0.9	0.0	
	Zinc	1	0.9	0.01	
	Soluble iron	3	2.7	0.02	
	Soluble manganese	1	0.9	0.0	
	Total chrome	2	1	0.0	
	Nickel	1	0.9	0.01	
	Fluorine	8	7	2.32	
	Boron	10	8	0.36	
	Nitrogen	240	135	15	
	Phosphorus	32	18	0.3	
	Health	Lead	0.1	0.1	0.02
		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/Nm³,
NOx (nitrous oxides): ppm,
Fluorine, lead in fusion furnace: mg/Nm³

Item	Regulatory standard	Plant standard	Actual (max.)		
Boiler	Dust	0.1	0.05	0.002	
		0.1	0.05	0.0034	
		0.1	0.05	0.0045	
		0.1	0.05	0.0012	
		0.1	0.05	0.0016	
		0.1	0.05	0.0028	
	NOx	60	57	53	
		60	57	54	
		60	57	53	
		105	100	9	
		105	100	4	
		60	57	29	
	Absorption chiller	Dust	0.1	0.05	<0.001
			0.1	0.05	<0.001
NOx		60	57	33	
		60	57	33	
Fusion furnace	Dust	0.15	0.1	0.016	
	NOx	800	20	<5	
	Fluorine	2.5	2	<0.25	
	Lead	10	5	<0.03	

Water Quality (Sewerage Law, Prefectural Regulations)

Unit: mg/l, except for pH

Item	Regulatory standard	Plant standard	Actual (max.)	
Living environment	pH	5.7-8.6	6.0-8.0	6.8-7.5
	BOD	300	60	8
	SS	300	90	51
	Zinc	5	0.5	0.27
	Fluorine	8	7.5	4.8
	Boron	10	5	3.5
	Ammoniac nitrogen	100	50	34.3
	Health	Lead	0.1	0.08
Arsenic		0.1	0.05	<0.01

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	39
		150	100	39
		150	100	93
		150	100	79
		150	100	46
		150	100	78
		150	100	51
		150	100	88
		150	100	73
		150	100	90
		150	100	56
		150	100	85
		150	100	95
		150	100	98
		150	100	37
		150	100	48
		150	100	57
		150	100	43
		150	100	38
		150	100	38
150	100	72		
150	100	77		

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	6.6-7.5
	BOD	600	150	6.4
	SS	600	50	<0.1
	n-hexane (mineral)	5	4	<0.1
	n-hexane (animal/vegetable)	30	20	4.0
	Iodine demand	220	170	22.0
	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	26.0
	Ammoniac nitrogen	100	30	21.2
	Phosphorous	32	15	10.0
Health	Cyanide	1	0.2	<0.1
	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

Unit: Dust: g/Nm³,
NOx (nitrous oxides): ppm,
SOx (sulfurous oxides): Nm³/h

Air (Air Pollution Control Law, Prefectural Regulations)

Item		Regulatory standard	Plant standard	Actual (max.)
Boiler	Dust	0.3	0.27	0.012
		0.3	0.27	0.011
		0.3	0.27	0.012
	NOx	180	162	64
		180	162	75
		180	162	55
	SOx	3.25	0.67	0.029
		3.25	0.67	0.024
		3.25	0.67	0.04

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

Water Quality (Water Pollution Control Law, Prefectural Regulations)

Item		Regulatory standard	Plant standard	Actual (max.)
Living environment	pH	5.8-8.6	6.0-8.2	6.9-7.9
	BOD	20	20	33 * ¹
	SS	30	30	35 * ¹
	n-hexane (animal/vegetable)	10	10	3.0
	E. coli (daily average)	3,000	2,700	420
	Nitrogen	60	60	50.3
	Phosphorous	8	8	3.5

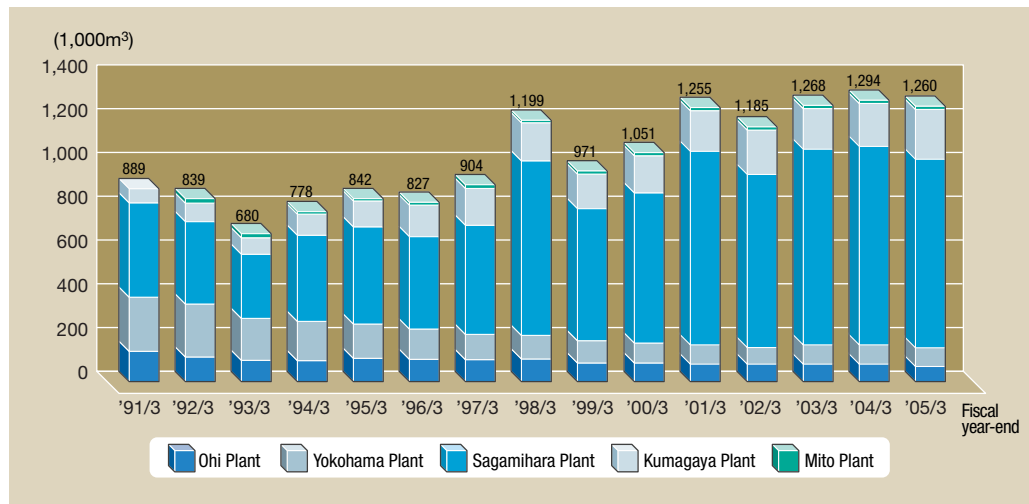
* Occurred January 2005 (exceeded regulatory standard)

Cause: Excess rainfall input into water-purifier tank from bottom of wastewater storage tank.
Corrective action: Repair wastewater storage tank.

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.

Activities Encompassing the Product and Workplace Environments

Green Procurement

[Reduction in use of harmful chemical substances]

- Performance investigation and management implemented for key consumer products and selected industrial components.

Targets

[Eco-procurement products]

- Conformity with guidelines for at least 70% of all products.



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.

For the five-year period through fiscal 2004, we achieved an average score of 85, marking the end of Phase 1 and exceeding our initial target of an average score of 80 and a 20-point increase from fiscal 2000 (21 points for fiscal 2004). None of the participating firms lost their positions as suppliers for failing to meet Nikon standards, demonstrating that the overall approach by the Nikon Group to environmentally aware product manufacturing is to create a decidedly positive effect. 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.

In fiscal 2004, 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 fiscal 2005, we judged the result of the investigation based on the restriction while keeping the investigation. We then explored alternative substances and technologies for hazardous substances, and switched to the safer alternatives. 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 1st, 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.

Product Environment

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

Nikon conducted the third environmental conservation evaluation in fiscal 2004 to clarify the environmental initiatives of suppliers who play an important role in manufacturing 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, as reported in the Environmental Report 2004.

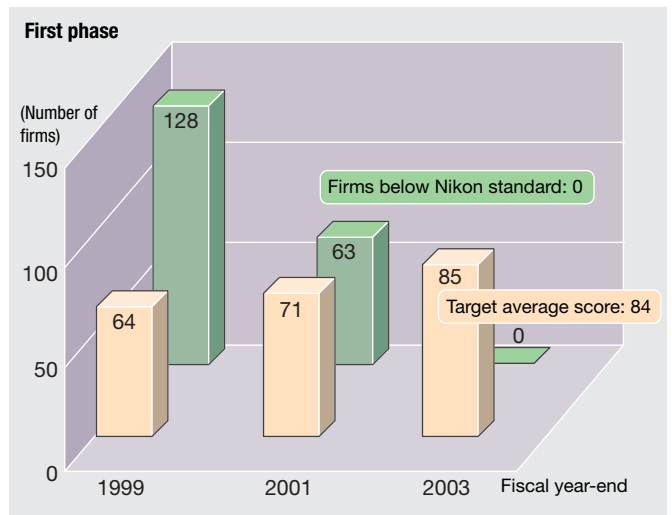
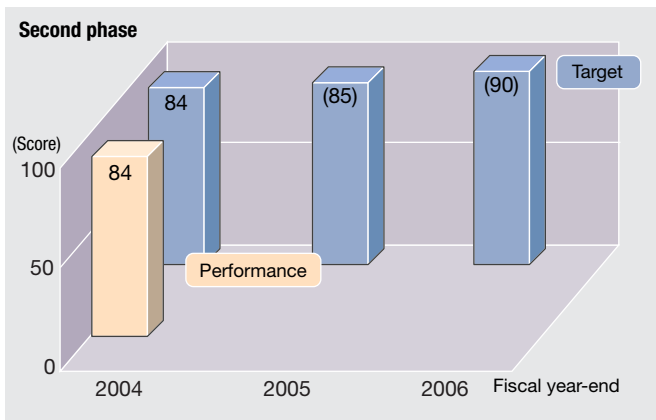
By the end of the 3-year period ending in fiscal 2005 we added 128 new suppliers, and ceased purchasing from a number of other

vendors. For the second phase, beginning with the fourth environmental conservation evaluation in March 2005, we covered 430 suppliers.

As of June 13, 2005, we had received responses from 401 of these firms, attaining a score of 84. Considering that about a third of the total number of firms covered are new, this marks a strong commitment to the environment by our suppliers.

The above programme is also being adopted by major Japanese manufacturing subsidiaries.

Improvement in the Environmental Management System as shown in the environmental conservation evaluation results



(2) Reduction of Hazardous Substances

In fiscal 2004, Nikon began surveys of 29 chemical substances covered by the Japan Green Procurement Survey Standardisation Initiative (JGPSSI), primarily in the consumer products sector, in accordance with defined survey formats and the Nikon Group Hazardous Substance Management Guidelines.

In fiscal 2005 we continued these surveys, again primarily in the consumer products sector, and began to make judgments based on survey results for each department, in accord with specific regulations and appropriate considerations. In cases where the decision was not clear-cut additional surveys were requested, and where it seemed that measured data might be incorrect, measurements were repeated for accurate results. Nikon engineers focused on finding alternate substances and technologies that would allow us to replace hazardous substances with non-hazardous ones, and evaluating the candidates for performance and safety. In parallel with survey activities for each product group, we also worked with vendors for various supplies common to several groups, such as metals, coatings and adhesives, making Group-wide information available to all corporate groups via our intranet. These results were promptly utilised, and survey results for metal materials were approved by the Metal Materials Sub-Committee of the Nikon Drafting Council, and the results of evaluation for RoHS Directive compliance is scheduled to be announced within the Nikon Group in the near future.

Together with these activities, the Electronic Component Lead-free Solder Council of the Products Sub-Committee, Environment Committee, has notified vendors of solders found to comply with

the RoHS Directive, as well as usage methods, and has made solid progress toward achieving lead-free soldering.

For surface treatment, various plating types and processing techniques have been evaluated and their lead and cadmium content quantified, making it possible to produce RoHS-compliant products free of both substances. Nikon provided on-site guidance to vendors as necessary for plating technology, and is making every effort to achieve lead- and cadmium-free surface treatment in every corporate division, not only those affected by the RoHS Directive.

The consumer products sector includes many products covered by the RoHS Directive, and over the past year the company made a determined effort to eliminate hazardous substances from these products. As a result of evaluations of survey data from consumer-sector products directly affected by the RoHS Directive, in cases where there was even a slight possibility that any of the six substances could be present we performed simple testing on everything from product accessories to packaging, demonstrating that the Nikon Group assurance of RoHS compliance is adequate.

This emphasis on compliance with the RoHS Directive has enabled Nikon to make significant progress in advancing its schedule for total elimination of RoHS-regulated substances from our products.

Even the industrial products sector, which is not covered by the RoHS Directive, was covered as a target for fiscal 2005 in the Nikon Environment Action Plan, and we are continuing our efforts to reduce or eliminate 29 JGPSSI-designated substances.

Workplace Environment

In fiscal 2004 Nikon made designated two databases for “green purchases”, including standard office supplies and certain equipment and machinery — one containing items bearing any of six related marks (including the Eco-mark), and GPN data; the other for special procurement items under the Green Purchasing Law (see below).

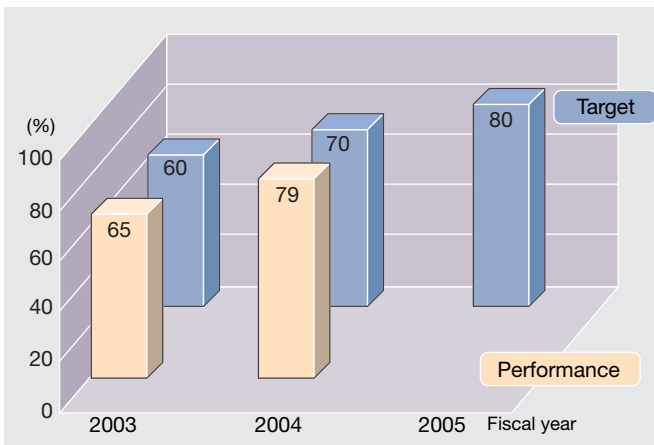
The “Nikon Group Green Purchasing Implementation Guidelines” were released in fiscal 2004, and our initial target was to achieve conformance in at least 60% of all relevant purchases. Actual performance for the period from January to March 2004

reached 66%.

We continued our commitment in fiscal 2005, visiting departments with unusually low ratios of green purchasing, investigating the reasons and at requesting cooperation with Nikon objectives. As a result of these efforts, for fiscal 2005 we achieved a performance of 79% against a target of 70% as defined in the “Nikon Group Green Purchasing Implementation Guidelines.”

Similar efforts are under way at Tochigi Nikon, Mito Nikon and Zao Nikon, and other manufacturing subsidiaries are following suit.

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 procedure 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.

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, product assessment, etc.)
- Education of EMS representatives (environmental policy, environmental objectives, environmental manuals/regulations/procedures, evaluation procedure for environmental aspects)
- 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.)
- Link between midterm plan and target management, and conducting of seminars
- 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 Update" (Ohi Plant), "EMS News" (Yokohama and Sagami-hara Plants) and "ISO 14001 News" (Mito Plant)
- Sharing of ideas for improvement – mottos, posters and the like promoting environmental conservation, with recognition and prizes for the best ideas
- Organising environment month (broadcasts by the Environmental Committee Chairman, environmental month seminars, environmental photo contest, etc.)
- Implementation of an energy-saving patrol
- Distribution of an environmental strategy card showing the environmental policy and objectives to all employees
- 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

Nikon is developing the following environmental education and awareness activities, which are to be provided to all employees. Some Group companies and suppliers are also required to participate in the education process. We are also active in various events that serve to strengthen our bonds with local communities.

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.



Internal environmental auditor development course

Topics

Company-Wide Environment Month Activities

At the start of June 2004, the Environmental Committee Chairman broadcasted a message throughout our company premises commencing the fourth annual Environment Month and its various companywide activities. As he mentioned, “Companies throughout the world share a concern for sustainable development. The Nikon Group, including each of us, is strongly aware of its corporate social responsibilities. In order for the Nikon Group to sustain its development, we need to implement economic, environmental and social improvements responsibly.”

Environment Month featured seminars on subjects such as ISO 14001 and “green” purchasing, as well as a photo contest on the theme of the environment. We allowed visits to waste processing facilities at all of our manufacturing plants, and created environmental panel displays. Employees took part in clean-up campaigns outside our manufacturing plants, raising environmental awareness among themselves and neighbouring communities.



Visit to a plant's waste processing facilities (Yokohama Plant)

Environmental Photo Contest winning entries



First prize: Butterfly among high buildings



Second prize: Fusion



Commendation: Clear water

Company-wide Integration of Environmental Management Systems begins

Since 1998, Nikon has been helping to ensure that each of its plants gains ISO 14001 accreditation, the international standard for environmental management systems (EMS). Extending a longstanding dedication to conservation, our company recently decided at the highest management levels to make a top priority of Nikon EMS integration, in line with Nikon Basic Environmental

Management Policy. In fiscal 2006, we plan to integrate Nikon's headquarters and five plants. For fiscal 2007, we shall finish integrating our five main manufacturing subsidiaries. We hope to eventually integrate EMS throughout the entire Nikon Group, including major overseas manufacturing bases.

*By June 2005, the Ohi Plant, Yokohama Plant and Mito Plant were integrated.



Interview with top management



Environmental audit



Divisional audit

Ohi Plant accredited by Shinagawa as an Eco-Clean Project

Shinagawa Ward aims to live by its motto, “Living in Harmony with the Environment: Shinagawa”, by introducing ISO standards and promoting energy/resource conservation, local environmental education, research and development into eco-friendly technology and products, and other activities.

The Ohi Plant earned Shinagawa Ward's Eco-Clean Project accreditation on October 6th 2005, after acknowledging the company's many environmentally friendly activities. For further details, please visit Shinagawa Ward website; <http://www2.city.shinagawa.tokyo.jp/jigy04/index.html>



Introduction of all-water washing machinery to the surface treatment line at Yokohama Plant

Nikon set a target of eliminating the use of organic chlorine-based solvents in its washing processes, and has been working on the development of alternative technologies (see page 23). Conventional methods have generally switched over to bromine solvents and hydrocarbon solvents, as well as alcohols, all of which are highly volatile and cannot be called ideal environmental solutions.

At our Yokohama Plant, the surface treatment processing division has worked hard to develop a washing technology that reduces the environmental burden to a minimum, through eliminating the use of organic solvents and surfactants, and has succeeded in putting into operation an all-water washing system, which was introduced into the mass-production process in fiscal 2005.



The all-water washing system at Yokohama Plant

Overseas environmental study visit by top management

In October 2004 and February 2005, the chairman of the Environmental Committee examined Nikon Group production bases in Thailand and China to study environmental issues related to CSR (corporate social responsibility). During the visits, the observed facilities, including Nikon (Thailand) Co., Ltd., Nanjing Nikon Jiangnan Optical Instrument Co., Ltd., Hikari Glass Co., Ltd. (Changzhou), Nikon Imaging (China) Co., Ltd., Dong Guan Nikon Surveying Instruments Co., Ltd., and Guangdong Nikon Camera

Co., Ltd. also underwent environmental training and were checked for compliance with EU RoHS Law (restricting hazardous substances).

These visits resulted in recommendations for further instruction and support at each plant. Promotion of environmental protection, based on recycling and co-existence with nature, continues to spotlight environmental management at our overseas plants.



Nanjing Nikon Jiangnan Optical Instrument Co., Ltd.



Hikari Glass Co., Ltd (Changzhou)



Nikon Imaging (China) Co., Ltd.

Awards and recognition

•Sagamihara Plant receives awards for Excellence in Hazardous Substance Handling and Excellence in Pressurised Gas Handling

In June 2004, the Sagamihara Plant was awarded for Excellence in Hazardous Substance Handling from the Kanagawa Dangerous Substance Safety Association, and for Excellence in Pressurised Gas Handling from the Kanagawa Prefectural Central Administrative Centre, acknowledging Nikon’s exemplary standards in handling dangerous substances and pressurised gas.

•Mito Plant awarded for Excellence in Electrical Power Rationalisation

In February 2005, the Mito Plant received an excellent review for its efforts related to energy saving, and was awarded an “Excellence Award” by the Kanto Regional Electric Power Rationalisation Committee.

•Sagamihara Plant receives Excellence Award for electrical safety activities

In March 2005, the Sagamihara Plant received an excellent review for its activities dealing with electricity and the safety of its electrical equipment. The Plant received an Excellence Award from the Electrical Safety Kanto Committee for organisations working on in-company electrical consumption facilities.



Excellence in Hazardous Substance Handling award
Excellence in Pressurised Gas Handling award



Excellence Award for Electrical Rationalisation



Excellence Award for In-Company Electrical Facilities

Examples of energy-saving activities

Prevention of global warming demands energy savings in air conditioning, which consumes the most electricity among production process. Nikon advances energy conservation in air-conditioning facilities, which are major sources of heat. Toward this

end, the Kumagaya Plant switched over to Energy Service Company (ESCO) pump inverters and the Mito Plant introduced pump inverters in fiscal 2005.



Pump inverter equipment introduced at the Kumagaya Plant



Pump inverter equipment introduced at the Mito Plant



Contributing to Society

Regional Cleanup 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.

During fiscal 2005, the Yokohama Plant staff took part in the Zero Trash Day in Yokohama City (30th May), inspiring those at

other plants in Ohi, Sagamihara and Mito to begin their own cleanup activities. Kumagaya Plant representatives cleaned up JR Kagohara Station in January to conclude the financial year. We will continue to schedule regional activities in order to ensure that we remain citizens in good standing with our local communities.



Cleaning up around Ohi Plant



Cleaning up around Sagamihara Plant



Cleaning up JR Kagohara Station plaza

Campaigning to prevent illegal waste disposal – Sagamihara Plant

In November of fiscal 2005, the Sagamihara City Beautification Movement Promotion Council organised the Sagamihara City Illegal Waste Elimination Campaign, which was held mainly at Sagamihara City's Kuzawa Elementary School. This was the 13th edition of the programme, and employees of Sagamihara Plant and other organisations of the Sagamihara Waste Disposal Measures

Association took part.

Sagamihara City commemorated the 50th anniversary of its founding this year. After a speech by Mayor Ogawa, more than 400 people in two teams removed illegally dumped waste from the city, in support of the appeal "Don't throw away waste illegally! Don't encourage anyone else to do it! Don't let others get away with it!"



Regional activities – Mito Plant

The Hinuma area southeast of Mito City in Ibaraki Prefecture is an estuarial fishing ground of fresh and salt water. People from Ibaraki and elsewhere come to enjoy camping, fishing, windsurfing and other activities in this home to precious organisms such as the Hinuma dragonfly. The "Clean Up Hinuma Network" is a joint

initiative involving residents, businesses, organisations and governments (national and local) involved with Hinuma and related rivers, and aims to improve water quality. It was established in March 2001 by the Mito Plant and other founding members.



July: Hinuma Clean Challenge



November: Walk Rally



December: Cleaning of Ishikawa river (release of fingerlings)

•Cooperation with Children's Nature Detectives Group

In August 2004, the Ibaraki Prefectural Mito Lifelong Learning Centre organised a "Children's Nature Detectives Group", a group of elementary and junior high school students who study nature in

various places in Ibaraki Prefecture. Mito Plant lent observation equipment such as telescopes and binoculars, and also dispatched staff to assist and take part in two area study groups.



Cooperation with Experience Workshop “Tokyo Class of the Future” – Ohi Plant and Sagamihara Plant

The Tokyo Class of the Future was established to help develop future Japanese leaders. The Tokyo Metropolitan Board of Education set up the organisation in April 2004. The 50 students are drawn from metropolitan high schools, and meet to study on weekday afternoons and Saturdays. The Ohi Plant and Sagamihara Plants participated in “Learning about Work” with seven high school students for four days at the end of August.

The students were divided into two groups, and each spent two

days experiencing work at Nikon. On the first day, they took part in discussions at the Ohi Plant Administrative and Environmental Management Divisions, and on the second day they experienced glass manufacturing and lens polishing at the Sagamihara Plant. The plants received letters of thanks and appreciation, with such comments as “it was an extremely valuable experience that I will be able to use as a future leader”.



Exhibiting and environment-related events

•Participation in Shinagawa Eco-Festival 2004 – Ohi Plant

In June, the Ohi Plant took part in the Shinagawa Eco-Festival 2004 organised by Shinagawa Ward. The Festival invited people to

experience the immediacy of nature and the environment. Nikon exhibited a “Nature-Watching Corner” with fieldscopes and telescopes in its booth, to the delight of many participants.



•Participation in Ibaraki Prefectural Environment Fair -- Mito Plant

In October, the Mito Plant took part in the fourth Ibaraki Prefectural Environment Fair organised by Ibaraki Prefecture. The plant displayed panels explaining their environmental activities and

organised an observation corner where visitors could examine shellfish hatchlings, as well as a space where old lenses were turned into magnifying glasses. Many people, including families, visited the booth.



•Participation in Bird Festivals

Nikon Vision Co., Ltd. and Nikon Photo Products Inc. took part in May’s inaugural Tokyo Bird Festival 2004, organised by the Tokyo Metropolitan government. A display of Nikon digital cameras, binoculars, fieldscopes and the integrated “extra-long distance photography system” made a great impression on visitors. In

November, Nikon Vision Co., Ltd. also took part in the Japan Bird Festival 2004, held outdoors where viewing conditions were favourable enough for almost every visitor to pick up a pair of Nikon binoculars to view faraway scenery and marvel at the clarity of the images.



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.

Activities for Safety, Better Health

The “Nikon Charter of Corporate Behaviour” calls for the provision of a “healthy, safe workplace environment,” stating that “the assurance of health and safety for employees is the basis of active business expansion and richer individual lives. At the Nikon Group,

we strive to abide strictly by all applicable laws and internal regulations in order to provide a safe, healthy working environment.”

Ensuring Safety at Work

Nikon constantly promotes accident prevention at all its plants, with the aim of eliminating accidents in the workplace. The General Manager of each plant acts as the Chair of a Workplace Health and Safety Committee, which includes representatives from the workforce, and meets monthly, promoting improvements in corporate health and safety management as well as employee health maintenance. The Health and Safety Committees are also responsible for addressing concerns and rolling out examples of good practices in each plant.

As a result, the Sagami-hara Plant was awarded for Excellence in Hazardous Substance Handling from the Kanagawa Dangerous Substance Safety Association and for Excellence in Pressurized Gas Handling, from Kanagawa Prefectural Central Administrative Centre.



Attitude for safety at work

Ensuring Safety on the Road

Our plant employees often commute by car, so our plants hold safe driving workshops for their benefit in cooperation with local police stations and traffic safety associations. Workshop lectures raise awareness and safe driving skills to such a degree that the Sagami-hara Plant was awarded for contributing to road safety through long-term safe driving management by the chief of the Kanagawa Police Station and a chairperson of the Kanagawa Safe Driving Management Association.



Attitude for road safety

Helping Prevent “Lifestyle Diseases”

Diseases such as high blood pressure, high cholesterol levels, diabetes and heart disease are caused or exacerbated by people’s lifestyles, and can place heavy burdens on both patients and their families. In an effort to help resolve this social problem, Nikon is working to cure and prevent such ailments, providing regular check-ups and guidance for employees diagnosed as suffering from these diseases.

All employees are given regular medical check-ups twice a year, forming the basis for health promotion programmes, and a special check-up programme exists for employees aged 35 and over. Our employees’ families are also eligible for check-ups.

The Yokohama Plant has begun a unique “Health Walk”, along with a programme of lectures and study meetings designed to prevent lifestyle-related illness. Our headquarters also conducts a series of similar lectures and meetings.

Mental Health Care Activities

Nikon places equal importance on physical and mental wellbeing. We hold lectures on mental health care and related issues.



Smoking in the Workplace

Based on the Health Promotion Law and the Workplace Smoking Guidelines issued by the Ministry of Health, Labour and Welfare, company facilities have essentially become no-smoking zones to prevent non-smokers from exposure to second-hand smoke. Smoking is only permitted in special smoking areas equipped with air cleaners, or in outdoor smoking areas. We will continue our efforts to provide our employees with healthy, comfortable workplaces.



Other Activities

Throughout the year we hold a variety of physical activities to promote good health at plant units, such as bowling and baseball competitions.



Activities for Product Safety

Nikon places a high priority on customer safety and is committed to building safety into every aspect of Nikon products, all the way

Defining Safe Design Standards

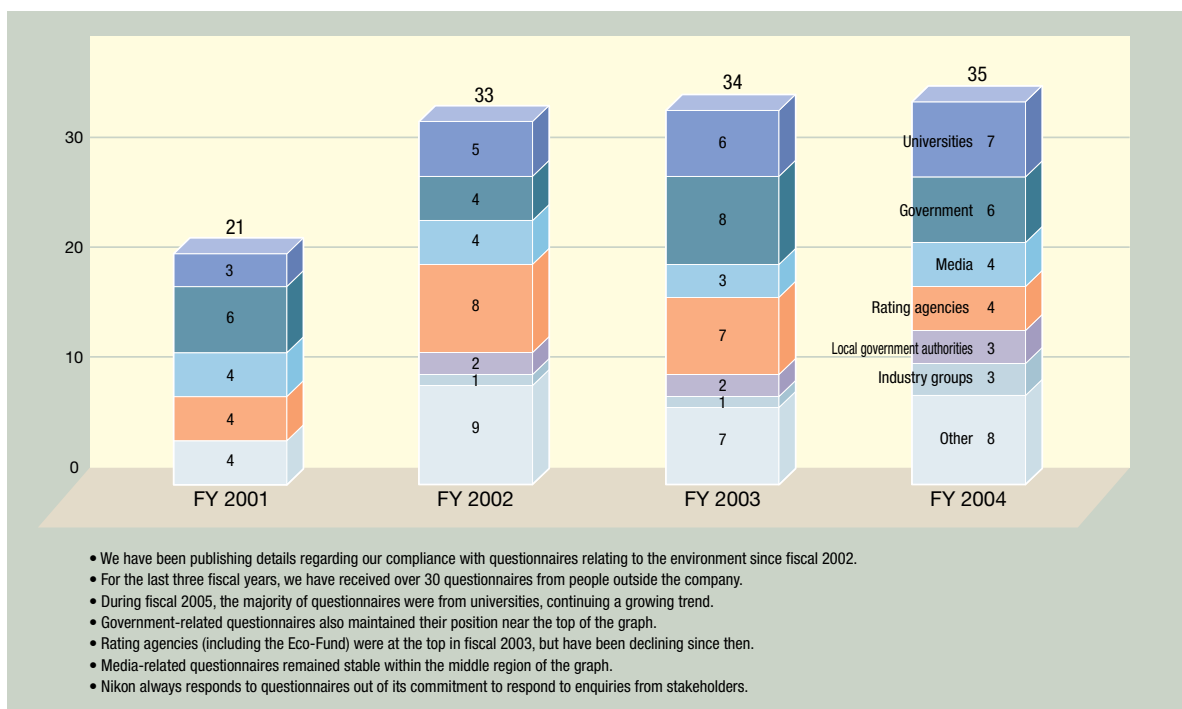
Nikon complies with all international regulations as well as the standards of each country in which it operates, as a matter of course. In addition to this, we have defined the “Nikon Safe Design Standards” to ensure that no customer is ever endangered or suffers injury or damage as a result of our products. And based on this, we have established the “Nikon Safe Design Regulations”. All our development and design activities are based on these safe design standards.

from development and design to after-sales service.

Opening of Product Safety Testing Centre and EMC Testing Laboratory

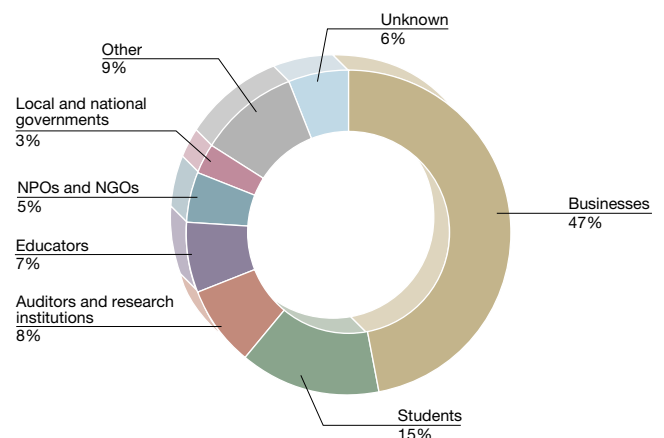
Nikon’s in-house Testing Centre verifies that Nikon products comply with international regulations and laws. Prototype testing and subsequent results are instrumental in determining product compliance. The Testing Centre is accredited by a European accreditation agency, so products that make the grade here are guaranteed to comply with standards at least as high as those that the agency applies in its own tests.

Environmental Questionnaires (from those outside Nikon)



Requests Received for Nikon Environmental Report 2004

In addition to posting this Environmental Report on our website, we also make it available in booklet form to anyone who requests it. Since Nikon Environmental Report 2004 was uploaded to our website in September 2004, we have received about 400 requests (as of the end of July 2005). This chart indicates the approximate number of copies requested by each of a number of sectors. Businesses accounted for the most copies requested, with the breakdown by type showing advertising/printing companies to be most interested, followed by the service industry and manufacturing. The second-largest sector was students, with three times as many requests for use in research than for job-hunting students. There were relatively few requests received from administrative organs and homemakers, so these numbers are represented in the “Other” portion. This data will be used in the composition and production of future reports.



Nikon Group Companies

Japanese Group Companies

as of July 1st 2005

Name	Location	Included in consolidated data	Included in report	Areas of main business
Mito Nikon Corporation	Ibaraki	*	*	Manufacture of devices for IC/LCD steppers and cameras
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, LCD steppers, and devices for 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
Kogaku Co., Ltd.	Osaka	*		Sales, maintenance and servicing of microscopes, measuring instruments, and inspection equipment
Okuma Shokai Co., Ltd.	Fukuoka	*		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 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, CO₂ emission (energy usage), waste, PRTR and so on. Companies reported are representative ones, not including all our Group companies.

• Hikari Glass Co., Ltd became a wholly owned subsidiary of Nikon in December 2004.

• Nikon Svenska AB changed company name to Nordic AB in May 2005.

• Nikon Instruments Korea Co., Ltd started business from April 2005.

• Nikon Imaging (China) Sales Co., Ltd. started business from June 2005.

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)	United Nations Framework Convention on Climate Change/ Kyoto Protocol went into effect

Questionnaire

Thank you for taking the time to read "Nikon Environmental Report 2005".

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, Nishi-ohi, Shinagawa-ku, Tokyo 140-8601 Japan

Q1: What is your overall impression of "Nikon Environmental Report 2005"?

- Easy to understand Of average difficulty Difficult to understand

Comments:

Q2: How would you rate the contents of "Nikon Environmental Report 2005"?

- 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 2005"?

- 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: _____



NIKON CORPORATION
Fuji Bldg., 2-3, Marunouchi 3-chome, Chiyoda-ku,
Tokyo 100-8331, JAPAN
<http://www.nikon.co.jp/eng/>

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