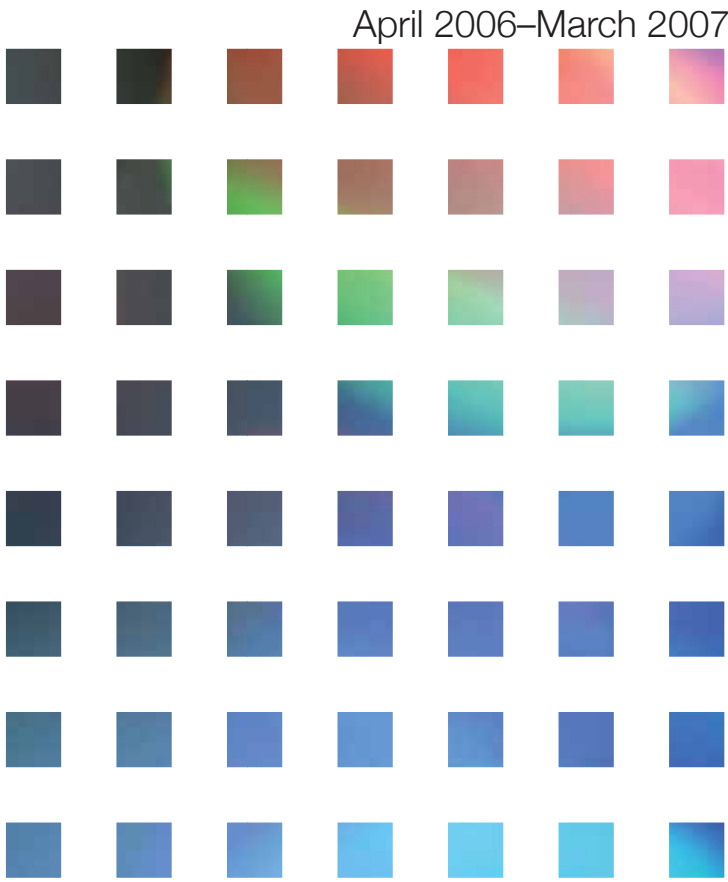


Social and Environmental Report 2007



SOCIAL & ENVIRONMENTAL REPORT 2007
EIZO NANA O CORPORATION

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Social and Environmental Report 2007

Editorial policy

This year we have endeavored to present easily understandable information on Eizo Nanao Corporation's product lineup and connections with society, based on the idea that our products form a major part of our influence on society as a company (our social contribution). In addition, fiscal 2006 is the first year of our medium-term management plan, and we have included information on our business plans on this basis.

Scope of report

Eizo Nanao Corporation (non-consolidated) (Data on consumption of energy and resources, industrial waste output, etc., includes totals for affiliated companies that are located on the same site as Eizo Nanao Corporation: Irem Software Engineering Inc., Eizo Support Network Corporation, and Nanao Agency Corporation. Totals for branch offices and user support centers of Eizo Nanao Corporation and its affiliates are not included.)

Period covered

April 1, 2006–March 31, 2007

Production guidelines

Based on the Ministry of the Environment's Environmental Report Guideline (2003 edition).

Issue date

September 2007

Issue date of next report

September 2008

Contact information

Environmental Management
Tel: +81-76-274-2409 Fax: +81-76-275-4125 E-mail: ecology@eizo.co.jp

I intend to engage in “CSR management” based on increasing corporate value, and to meet the expectations of our stakeholders.

September 2007



Yoshitaka Jitsumori
President, Eizo Nanao Corporation



In the Eizo Nanao Corporate Philosophy we state that our company “pushes the limits of technology to create visual systems of the utmost quality.” Our second medium-term management plan (covering a three-year period) spells out our commitment to continuing to increase corporate value by cultivating new business opportunities and sustained growth. To achieve this we will differentiate ourselves overwhelmingly in terms of quality, products, and services, in the process reinforcing the appeal of our product lineup and strengthening our position in the business sectors where we are active. I am conscious of the fact that our responsibility to society consists precisely of these efforts to continue to increase corporate value. Our commitment to our products, which has remained constant since the company’s founding, is the mindset that makes creating and increasing corporate value possible. This is why our products will remain the key element of our future efforts to make a social contribution.

The corporate identity of our company lies in quality. At the development stage we pay constant attention to such aspects of product quality as environmental and social impact. We exercise particular care regarding quality control in our products for the healthcare market, where the special characteristics of this application demand special attention. This is another way in which we build corporate value.

We are constantly aware of the fact that a vital aspect of any product is its impact on the environment. As environmental standards become ever stricter, we are making ongoing efforts to improve the environmental compliance of our products in a timely manner.

I am also aware that from the standpoint of corporate ethics, sustainable creation of value is assured by good corporate governance. With this in mind, we are working to further strengthen our corporate governance system.

Continued value creation (growth) is something that can only be built on a foundation of harmony with society as a whole. It therefore goes without saying that we must maintain a balance between the goals of efficiency and competitiveness on the one hand, and social responsibility and humanity on the other.

In the years ahead there will be even stricter requirements for management based on corporate social responsibility than is already the case today. I very much look forward to hearing the views and suggestions of our customers and business partners regarding how best to meet these expectations while at the same time further developing the business activities of Eizo Nanao Corporation and increasing corporate value.

Building on our strengths to differentiate ourselves overwhelmingly and create new fields of business

Expanding the possibilities of imaging with high-level expertise and technology focused on our field of specialization

At Eizo Nanao Corporation, we have been expanding the possibilities of computer-based image creation and communications since the days when CRT monitors were the norm, working together with professionals in the fields of graphic design, photography, and design.

As we enter an age of overwhelmingly digital media, our efforts to meet all the demanding requirements of professional users in specialized and advanced areas have led us into new fields. The scope of our business now extends beyond graphic design and photography as we work to offer added value for applications including digital film production and medical imaging.

We intend to differentiate ourselves overwhelmingly based on our unmatched core competence in image expression, built up through our work in specialized and advanced areas. At the same time, we will work to sustain continued growth by cultivating new markets and business opportunities through the discovery of new possibilities in imaging.

Second Medium-term Management Plan

(FY 2006 to FY 2008)

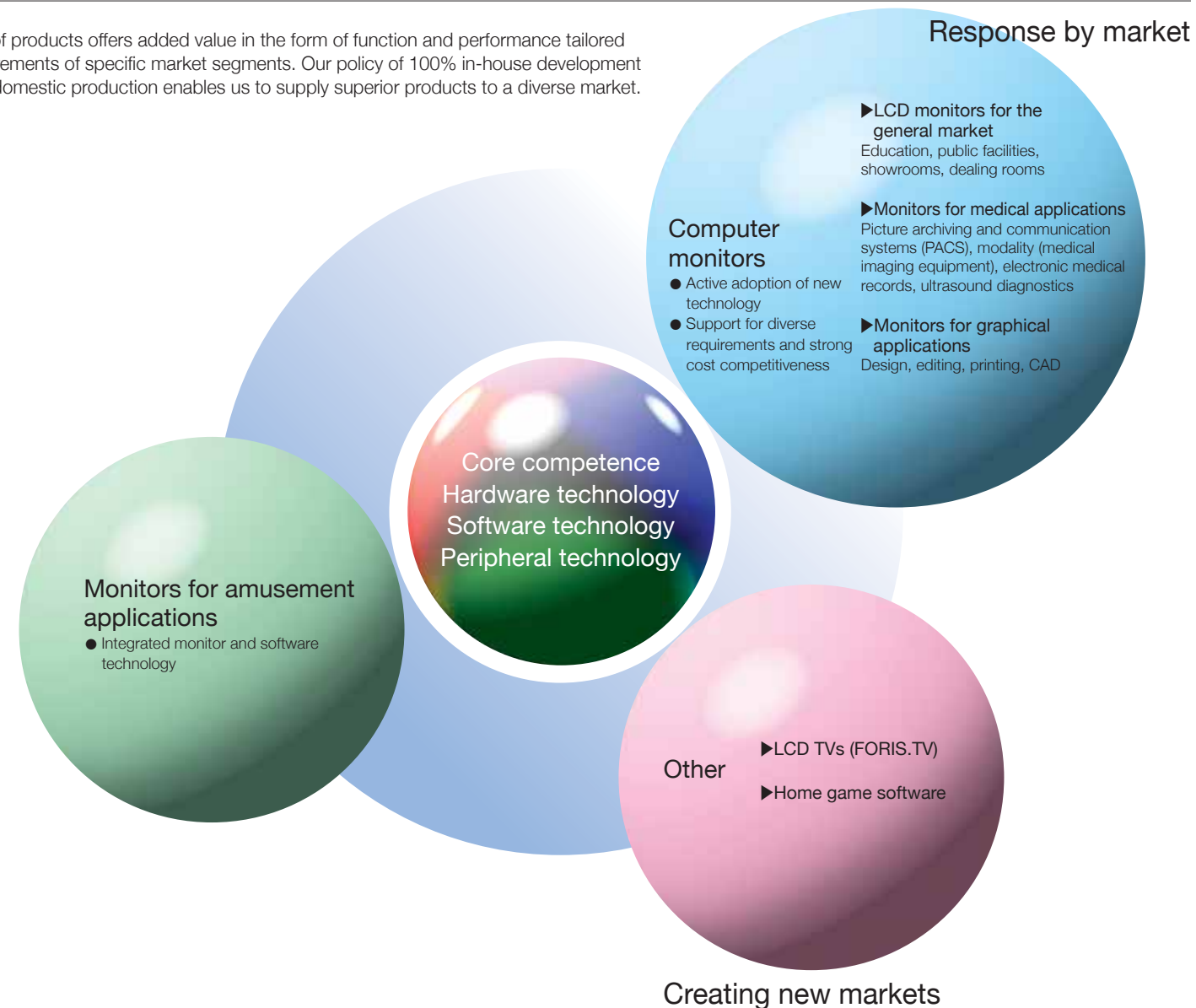
Differentiating our quality, products, and service through 100% domestic production and 100% in-house development

Competition is growing increasingly fierce in the monitor and television markets. Our policy aims to cultivate new business and sustain growth by bolstering our strengths in the products and fields where we excel, making the most of the strength of our brand plus the technology and expertise we have built up over time.

Based on this policy, we are strictly adhering to our commitment to 100% domestic production and 100% in-house development. Our second medium-term management plan sets targets of ¥130 billion in sales and ¥16.3 billion in ordinary income.

Our Fields of Business

Our lineup of products offers added value in the form of function and performance tailored to the requirements of specific market segments. Our policy of 100% in-house development and 100% domestic production enables us to supply superior products to a diverse market.



Medium-term Management Policy

LCD computer monitors

- LCD monitors for the general market
Create new added value with support for video technology.
- LCD monitors for the medical market
Strive to become the top general medical monitor manufacturer worldwide.
- LCD monitors for the graphics market
Work to extend growth and expand our foothold as a leading monitor manufacturer worldwide.

Monitors for amusement applications

Further strengthen technical capabilities in software and hardware.
Continue to supply attractive products.

Other

- LCD TVs
Achieve integration of PC monitor and TV functions.
Extend scope to next generation of TVs/monitors.
- Game software
Increase recognition of the Irem brand.
Develop characters that will appeal to fans.

Sales

- Direct sales
Achieve sales of ¥10 billion (in fiscal 2008).

Corporate Information

Company Name: Eizo Nanao Corporation
 President: Yoshitaka Jitsumori
 Established: March 6, 1968
 Capital: ¥4,425,745,500
 Address: 153 Shimokashiwano, Hakusan, Ishikawa 924-8566, Japan
 Tel: +81-76-275-4121
 Fax: +81-76-275-4125
 Employees: 714 (as of March 31, 2007)
 Sales: ¥9.39 billion (as of March 31, 2007)
 Corporate Group Employees: 1,224 (as of March 31, 2007)
 Consolidated Group Sales: ¥95.6 billion (as of March 31, 2007)

Business Activities: Development, design, manufacturing, and sale of display monitors and peripherals, amusement products, and imaging system software

Domestic Sales Offices

1st Division (Minato-ku, Tokyo)
 Sendai Sales Office (Sendai)
 Nagoya Sales Office (Nagoya)
 Hokuriku Sales Office (Hakusan, Ishikawa)
 Osaka Sales Office (Osaka)
 Fukuoka Sales Office (Fukuoka)
 2nd Division (Hakusan, Ishikawa)

Eizo Galleria Locations

Eizo Galleria Sendai (Sendai)
 Eizo Galleria Ginza (Chuo-ku, Tokyo)
 Eizo Galleria Osaka (Osaka)
 Eizo Galleria Fukuoka (Fukuoka)

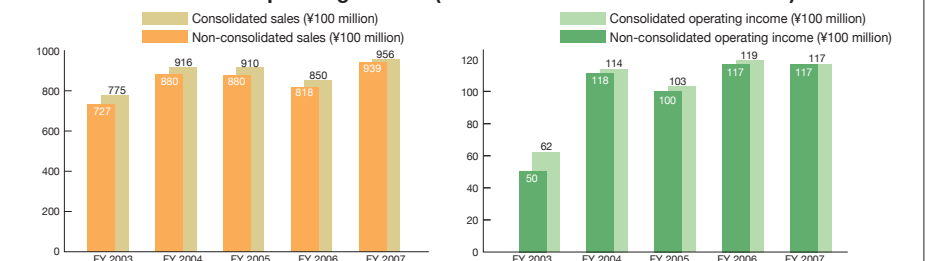
Domestic User Support Centers

Eizo Support Sendai (Sendai)
 Eizo Support Tokyo (Ota-ku)
 Eizo Support Nagoya (Nagoya)
 Eizo Support Hokuriku (Hakusan, Ishikawa)
 Eizo Support Osaka (Amagasaki)
 Eizo Support Fukuoka (Fukuoka)

Affiliated Companies

Eizo Nanao MS Corporation (Hakui, Ishikawa)
 Irem Software Engineering Inc. (Hakusan, Ishikawa)
 Eizo Support Network Corporation (Hakusan, Ishikawa)
 Eizo Engineering Corporation (Hakusan, Ishikawa)
 Nanao Agency Corporation (Hakusan, Ishikawa)
 Eizo Nanao Technologies Inc. (U.S.A.)
 Tech Source, Inc. (U.S.A.)
 Eizo Europe AB (Sweden)
 Eizo Nanao AG (Switzerland)
 Eizo GmbH (Germany)

Trends in Sales and Operating Income (consolidated and non-consolidated)



EIZO Solutions

We deliver imaging solutions for applications ranging from professional work to household use.



For Medical Applications

The importance of monitors for the healthcare field is increasing as electronically based medical records and digital medical imaging become more widespread. EIZO supplies LCD medical monitor solutions that meet specific requirements and provide high-precision display capabilities, reliability, and easy maintenance. We also produce multipurpose monitors for bedside use and image transmission systems for emergency support.

For Graphical Applications

Professionals working in the graphics field, including designers, photographers, and computer graphics creators, demand extremely accurate color reproduction. EIZO has been known for excellent color reproduction since the days when CRT monitors were the mainstream and has enjoyed strong support from "color professionals." Today we supply LCD monitors for graphical applications that provide superior color reproduction, display stability, and high-precision calibration support.

For Business Applications

Traders in dealing rooms, who track large volumes of data simultaneously and must not miss even momentary fluctuations, demand excellent display performance and reliability from their monitors. In fact, EIZO supplies high-performance monitors to meet a wide range of requirements in the business world. Our products are used for many business applications in addition to dealing rooms.

For Household Applications

Uses for personal computers in the home have expanded to include watching TV, playing games, editing digital photos and videos, and AV system functions. EIZO supplies a range of products for this market, including widescreen monitors equipped with jacks for a variety of connector types. In addition, our LCD TVs bring a whole new television experience to consumers with their superior picture quality, excellent audio quality, and sleek design.

For Amusement Applications

Eizo Nanao Corporation monitors for amusement applications combine advanced hardware and software technology to deliver realistic expression, stories with a strong gaming feel, and lovable characters. Our aim is to deliver products that will be long-term favorites with consumers.

Monitors for general applications



FlexScan®

Monitors for medical applications

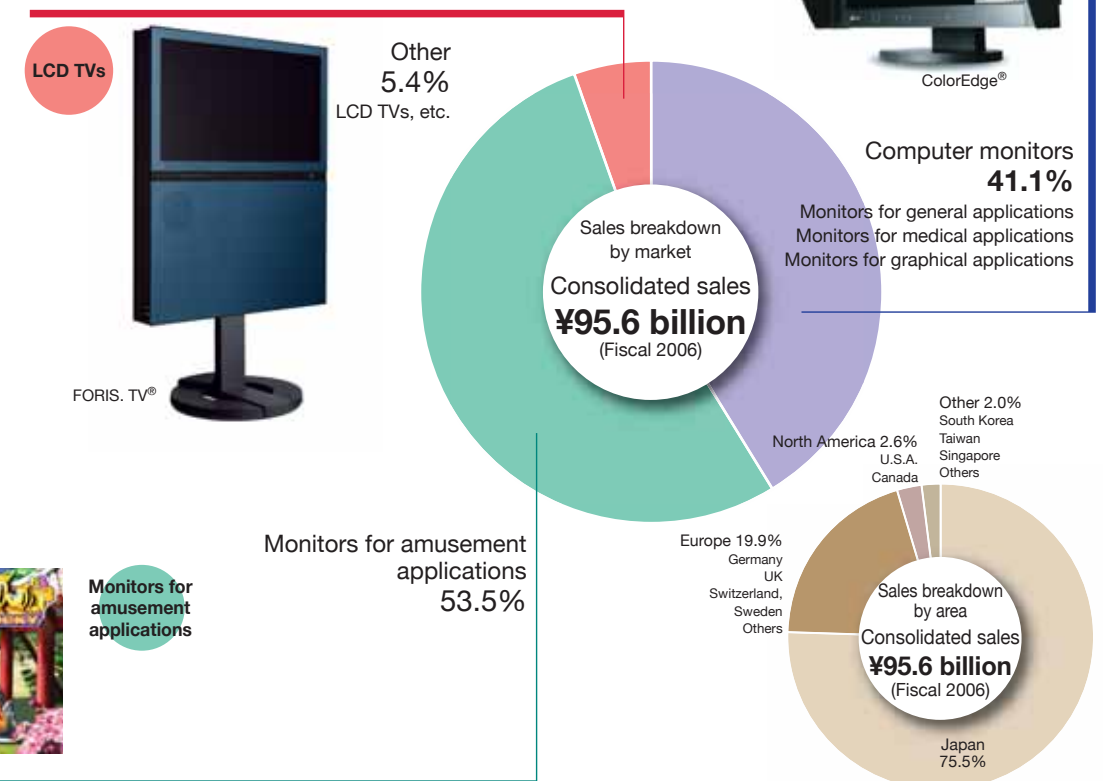


RadiForce®

Monitors for graphical applications



ColorEdge®



Monitors for amusement applications

Monitors for amusement applications 53.5%

©SANYOBUSSAN CO., LTD.

Creating Direct Points of Contact with Customers and the Community

We are working to expand the range of contact points with individual and corporate customers to gain support as a leading monitor brand and enable our technology to be utilized in many diverse areas. We also consider the effect of our products on society, and have established the facilities and venues described below to enable customers to query us directly regarding our company and products. This is an important aspect of our efforts to ensure accountability. We have specialized departments in each market for dealing with corporate customers, and our sales facilities and agents provide support for specific needs. In addition, the Eizo Galleria showrooms and Eizo Direct online shopping site give us direct contact with general consumers.



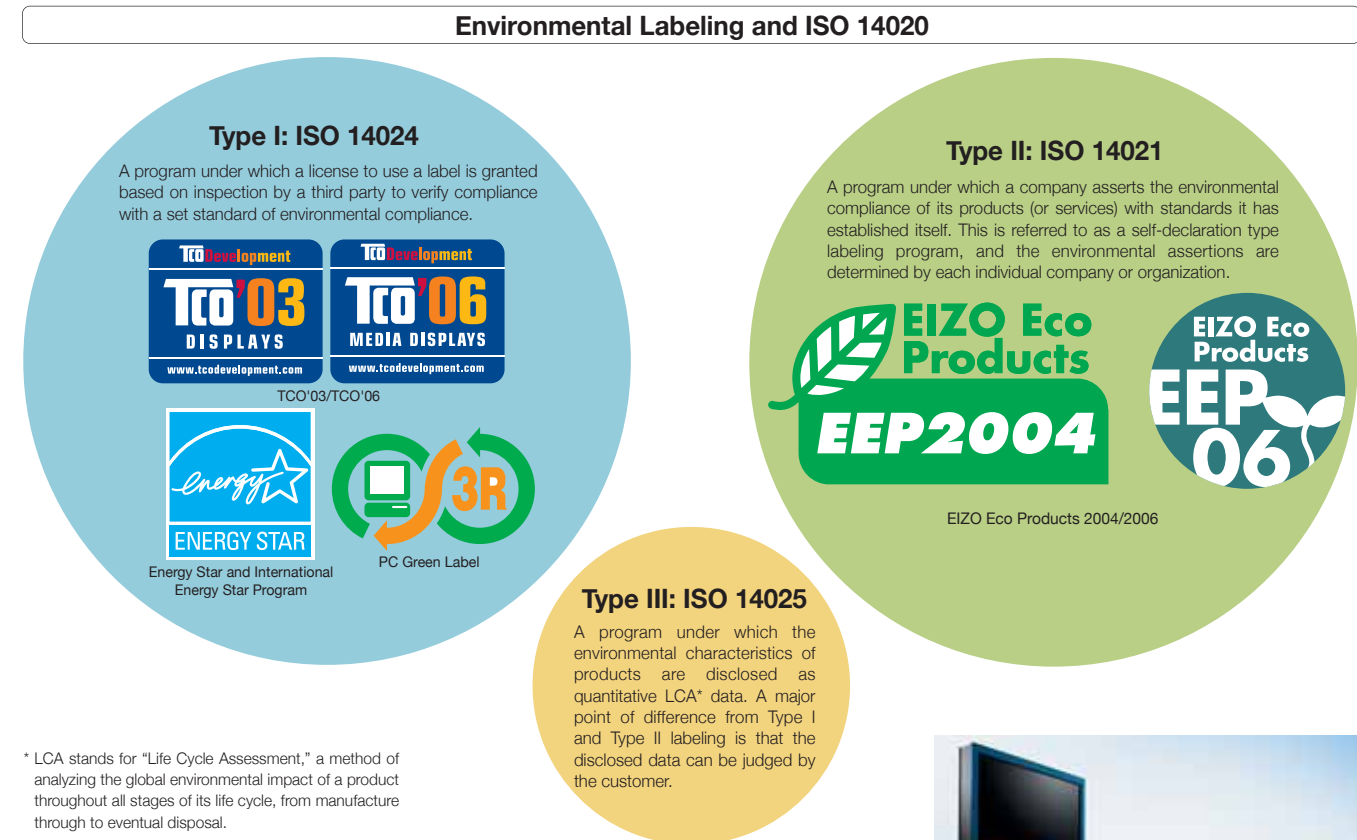
Eizo Nanao Corporation Sales System
The domestic sales department comprises the Volume Sales Distribution Section, Corporate Sales Section, Medical Section, Graphics Section, and System Section. These sections track customers in their fields of specialization and implement focused sales promotions. In addition, five regional sales offices provide nationwide sales coverage in Japan and serve as direct contact points with customers. Overseas, distributors in numerous countries worldwide and local subsidiaries in key markets of Europe and North America work on sales of our line of LCD computer monitors.

Creating Products that Provide Added Value
Color vision deficiency simulation monitors supporting color universal design for people with impaired color vision
We develop products for customers with a variety of special requirements. One example is our color vision deficiency simulation monitors. Not all people perceive colors in the same way. Many people have impaired color perception caused by genetic factors or diseases affecting the eyes. This means that designers must pay attention to such matters as the way they use colors and differences in brightness if they want to ensure that information is conveyed accurately to all users. This approach, based on seeing things from the user's viewpoint, is called color universal design. Our color vision deficiency simulation monitors enable designers and managers involved in the production of printed materials and displays to meet the needs of persons with impaired color vision in a better way by putting color universal design into practice.

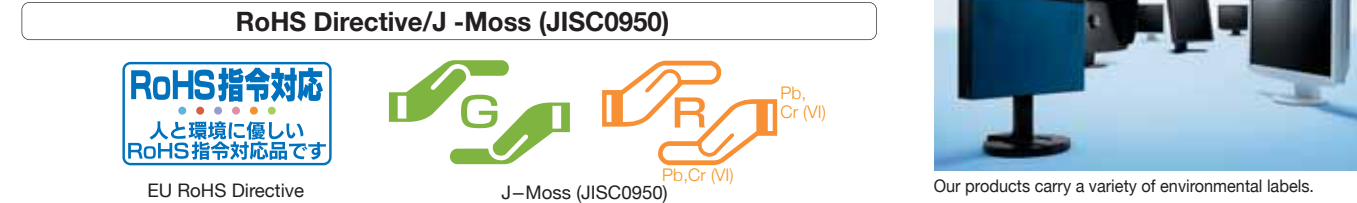


Environmental Initiatives

We are developing environmentally conscious products by conforming to the environmental labeling standard (ISO 14020) and observing the applicable legal requirements of Japan and other countries. In particular, we participated in the forum that helped establish the parameters for TCO'03. Our active environmental efforts are not limited solely to complying with standards, but include assisting in their establishment as well. See pages 19 and 20 for details of relevant standards and laws.



* LCA stands for "Life Cycle Assessment," a method of analyzing the global environmental impact of a product throughout all stages of its life cycle, from manufacture through to eventual disposal.



EIZO Eco Products 2006/2004
In addition to compliance with applicable laws and third-party standards, we implemented a system called Eizo Eco Products 2002 in October 2002 to certify products as environmentally friendly based on standards developed in-house. This was succeeded by Eizo Eco Products 2004 and then by Eizo Eco Products 2006 (EEP06), which was adopted in June 2006. EEP06 is based on regulations reflecting new environmental considerations, such as the EC RoHS Directive that took effect in July of last year, as well as the basic environmental concepts of the three R's (reduce, reuse, recycle) and energy conservation. (Visit the Web site of Eizo Nanao Corporation for details.)

EIZO Eco Products 2006/2004 certification standards

No.	Item	2006	2004
①	Power consumption less than one watt when turned off Note: "When turned off" means when manually switched off by the user.	○	○
②	Power consumption less than two watts in power save mode Note: "Power save mode" refers to the low-power status the product switches to automatically after a period of inactivity specified by the PC or monitor settings.	○	○
③	Use of recycled plastic	○	○
④	Use of chrome-free steel plates	○	○
⑤	User's manual made with chlorine-free recycled paper	○	○
⑥	Use (or partial use) of lead-free solder	○	○
⑦	Use of lead-free wires in external (supplied) cables	○	○
⑧	Use of soy ink in printed materials accompanying product	○	○
⑨	Use of recycled Styrofoam or paper as packaging cushioning materials	○	○
⑩	Subject to an internal product environmental assessment	○	○
⑪	Use of plastics made from plant-derived raw materials	○	—
⑫	Compliance with JEITA personal computer VOC guidelines	○	—
⑬	Compliance with RoHS Directive (J-Moss Green Mark for LCD TVs for Japanese market)	○	—

CSR Management

Corporate Philosophy

The Eizo Nanao Group pushes the limits of technology to create visual systems of the utmost quality.
 With the highest of ethical standards and pure dedication to excellence
 in all operational aspects, we aspire to exceed our customers' expectations.
 We recognize one of the most challenging issues to date is environmental conservation, and
 are uncompromising in our dedication to this integral element in all our business activities.

Action Guidelines

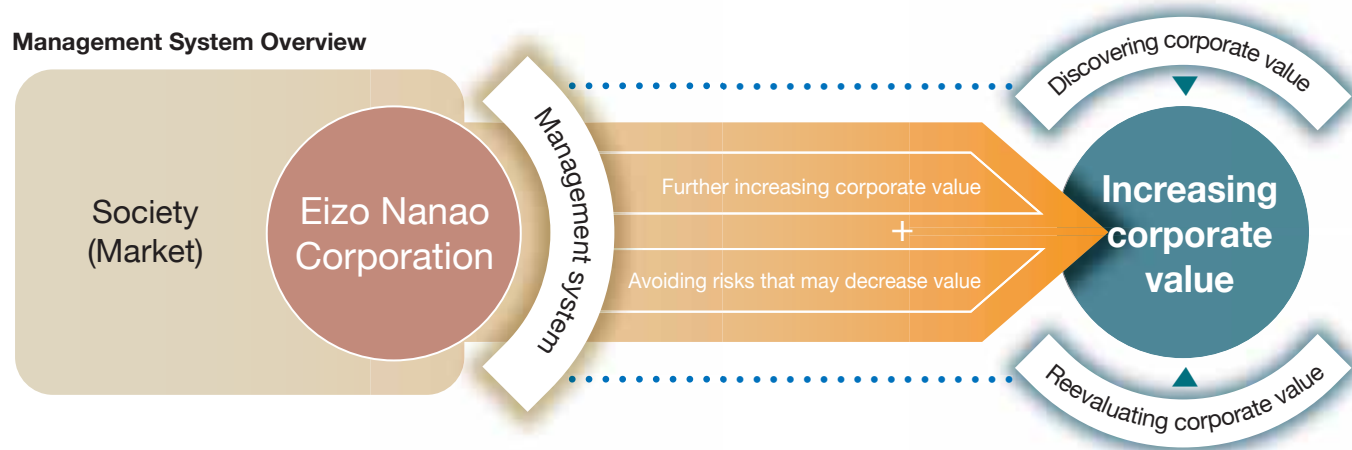
- ① We will supply superior products and services by focusing on quality and following scientific operation procedures.
- ② We will act as an international corporation with a global outlook and mindset.
- ③ We will aim to grow in a harmonious manner by building strong bonds of trust with our stakeholders (shareholders, suppliers, employees, and the local community).
- ④ We will strictly observe the letter and spirit of the law as a good corporate citizen.
- ⑤ We will foster a liberal and broadminded corporate climate and build a lively workplace.

Approach to CSR

A corporation is an organization that contributes to the advancement of society and provides value to society. In addition, corporations and society must develop synergistically. Based on a consciousness of this ideal, our company aims in its CSR initiatives to further increase existing corporate value through the company's business activities. We believe that corporate value is created by two types of factors: those

that increase corporate value (factors that maximize the positive) and those that allow us to avoid risks that reduce corporate value (factors that minimize the negative). We are working to put in place a management system and corporate governance capable of identifying corporate value in our changing times, enhance our compliance system, and further strengthen our relationships with our stakeholders.

Management System Overview



Corporate Governance

Overview of Management Organization

■ Board of Directors:
 The Board of Directors meets once each month and whenever else considered necessary to provide rapid decision-making capabilities to deal with today's business environment. All important matters related to the board's decisions are discussed, and reports are presented on the progress of business tasks. At the June 2006 general meeting of stockholders a new post of outside director was created to provide supervision and advice from a third-party perspective and thereby increase the transparency of management decisions.

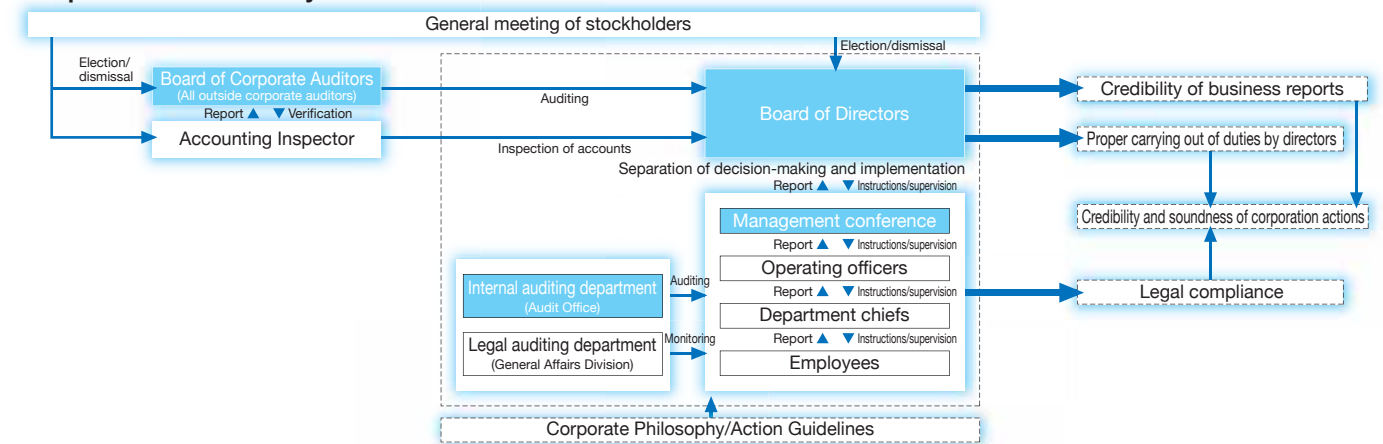
■ Management Conference:
 A system of operating officers has been put in place to speed up strategic decisions and strengthen the business operation system. A management conference is held once each month and whenever else considered necessary to study and report on key business operation issues, countermeasures, and progress. All important matters related to business operations are reported to the management conference.

■ Board of Corporate Auditors:
 The system of corporate auditors is designed to strengthen the management oversight functions of the organization. The board has four members (one full-time and three part-time), and all are outside corporate auditors affiliated with companies other than Eizo Nanao Corporation. Corporate auditors attend key meetings of the Board of Directors. The full-time corporate auditor reviews and discusses with directors important

documents such as draft proposals and contracts. He also collaborates with the Audit Office, the company's internal auditing department, on the checking of internal regulation functions. Another role of the full-time corporate auditor is attending internal audits. The Audit Office reports on the findings of these audits in response to requests from directors. Finally, the full-time corporate auditor attends audits conducted by the Accounting Inspector and participates in meetings between the Accounting Inspector and our company.

■ Internal Auditing System:
 The Audit Office is under the direct supervision of the President and functions as the company's internal auditing department. It carries out internal audits in accordance with the Basic Regulations on Internal Audits, which specify audit policies, and with the Basic Annual Audit Plan, approved by the President, as the basis. All findings of these internal audits are reported to the President. The internal auditing system is implemented by the head of the Audit Office and auditors appointed by him. In fiscal 2006, a quality and environmental management audit was carried out by a team of 15 persons, an information management audit by a team of 12, and an audit of payment authority by a team of 16.

Corporate Governance System



Compliance

Enhancing the Compliance System

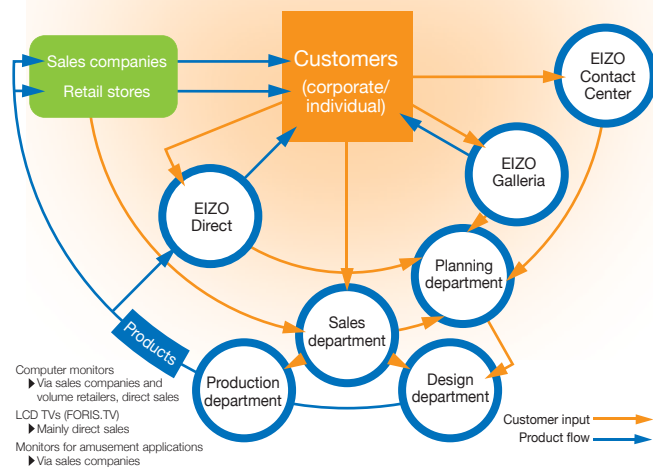
An internal notification scheme was started in April 2005 as part of efforts to enhance the compliance system at Eizo Nanao Corporation. This measure is intended to ensure easy detection of illegal activity by officers or employees and to anticipate and prevent unfavorable publicity. In addition, measures were taken in January 2006 to improve supervision and management of the compliance system in order to strengthen the risk management system for management activities and information management.

Strengthening the Information Management System

A document entitled Information Handling Guidelines (Action Policy) was adopted and put into effect in March 2003 to ensure proper handling of confidential information. In addition, an information management coordinator was appointed in January 2006 with overall responsibility for the establishment of a companywide information management system.

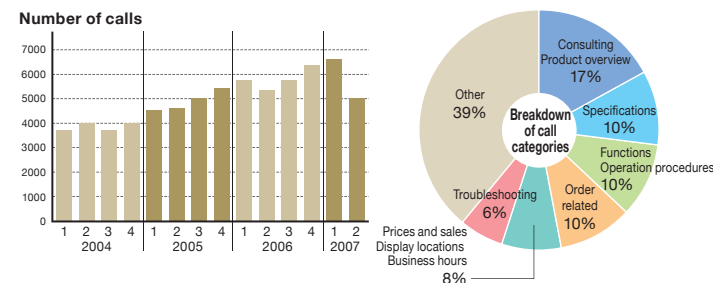
Relations with Customers

Feedback system for all types of customer input



EIZO Contact Center

The EIZO Contact Center opened in January 2004 and provides a valuable contact point for product-related inquiries. Currently the EIZO Contact Center is staffed by ten "communicators" (personnel whose job is to speak with customers directly) organized into three liaison groups: ①



inquiries related to product purchasing, ② inquiries related to product specifications or operation procedures, and ③ other (information on support centers, information on stores and special promotions, processing of complaints, etc.). These groups respond to customers' inquiries received by telephone, fax, and e-mail.

Details of inquiries from customers are collected in monthly batches and analyzed by a study committee for raising customer satisfaction. The results are reported to relevant departments within the company. Product suggestions are referred to planning and development personnel, and suggestions for improvements to difficult-to-understand sections of the company's Web site or catalogs are passed on to the sales promotion staff. Feedback from customers thus leads to improvements in many different aspects of our operations.

EIZO Galleria

Our EIZO Galleria locations enable us to talk with customers directly about our environmental activities and the environmental features of our products. We also host events and seminars as a way to encourage communication with customers.

① FORIS.TV Touch and Try Event (held three times in 2006)

A presentation in seminar format about how to choose a TV and the advantages of the FORIS.TV

② ColorEdge Seminar (continuous since August 2006)

The ColorEdge CE Series Touch and Try Seminar is a presentation aimed at photographers. It explains how to use software such as Photoshop to display, print, and do color matching on photos captured using a digital SLR camera. It also covers the superior performance of the ColorEdge CE and introduces our color matching solutions.

③ Event Celebrating EIZO Galleria Ginza Opening (November 2006)

EIZO Galleria Ginza opened on November 2, 2006. It has two floors, connected by a staircase. The first floor is devoted to LCD computer monitors, and LCD TVs are displayed on the second floor. The number of FlexScan series models has been increased to allow them to be even more extensively used than before.

Relations with Employees

Dealing with Occupational Hazards

Based on the medium-term management plan, we are investing significant management resources in the development and design of new products. To continue to develop and design products of high added value, we believe it is necessary to ensure the good health of our employees. We consider this to be an important part of corporate risk management. Thus far our efforts to prevent workplace accidents have focused on KYT activities (training to anticipate danger), *hiyari-hatto* activities (training dealing with close calls), and 5-S activities (training focusing on the concepts of *seiri* (shifting), *seiton* (sorting), *seiso* (sweeping and washing), *seiketsu* (spic and span), and *shitsuke* (sustaining)). Risk assessment procedures are used to eliminate or minimize risks in each individual workplace. Thanks in no small part to these efforts, no accidents attributable to workplace hazards, traffic hazards, or overwork have occurred at our facilities.

Fiscal 2007 Management Efforts

1. Basic Policy

To put in place a new health and safety action system and expand its implementation.

2. Slogan

Reducing major risks and maintaining our mental and physical health under the new system.

3. Management Targets

Management area	Target value
Safety management	Reduction of unacceptable risks
Health management	Elimination of untreated ailments
Traffic hazard prevention	100% seatbelt usage

Employee Welfare and Related Matters

Employee Welfare

To accommodate changes in the lifestyles of employees and differing individual preferences, Eizo Nanao Corporation makes available a wide assortment of recreational facilities outside the company. These provide employees with a chance to refresh and invigorate themselves, both mentally and physically. The company also provides childcare support, including a system of reduced hours following maternity leave.

Company Consultation System

In-house company counselors are available to employees who wish to discuss issues of concern, such as job-related stress or sexual harassment. The counselors can also refer employees to appropriate facilities outside the company, should the situation warrant it. There is also a system in place that enables employees with long working hours to consult with company physicians. This makes it possible to identify and treat physical or psychological problems early on.

Children's Workplace Tour

A "Children's Workplace Tour" for children of our employees was held at the company headquarters on January 6, 2007. Its aim was to encourage communication in the workplace and at home, while providing the children with an opportunity to deepen their understanding of the working world through experiences not available at school. The participants (24 children ranging from second through sixth graders) seemed to enjoy finding out about the difficulty and importance of their parents' jobs, as well as how interesting it is to work with us.



Relations with Suppliers

Basic Stance on Procurement

We deal with suppliers based in Japan and overseas on an equal opportunity basis in accordance with procurement policies based on the principle of mutual coexistence and prosperity. Some of the conditions we consider when evaluating suppliers are a stable management base, supply stability and ability to handle fluctuations, appropriate quality, superior technology, competitive pricing, compliance with laws and social norms, consideration for the global environment, customer service, reliable handling of environmental management substances, support for electronic transactions, and a high level of technological expertise that will contribute to the value of our products.

The suppliers we select must meet the following standards:

- ① Sound management.
- ② Technological excellence that will contribute to the value of our products.
- ③ Appropriate quality, prices, and delivery schedules for products and materials to be supplied to us.
- ④ Stable supply capacity and ability to respond flexibly to fluctuations in demand.
- ⑤ Compliance with relevant laws, consideration for the environment, and active involvement in environmental preservation work.

Building Bonds of Trust with Suppliers

As a manufacturing company whose main production operation is assembly, we place a high priority on controlling the quality, delivery schedules, and cost of the parts and materials we procure from suppliers. We provide opportunities for regular exchanges of information to ensure that we and our suppliers have a common understanding of each other's management policies and technical strategies. When needed, we provide help and support. This approach ultimately results in the achievement of substantial results and the creation of future value that neither partner could have achieved alone. We intend to continue to build strong partnerships with suppliers through such attitudes and efforts as described above.



Materials procurement briefing

Relations with the Community

Company Tours

We conduct tours of company facilities to broaden understanding among the public at large of our corporate structure and the products we manufacture. Participants include school and education-related groups as well as groups of local citizens. We view company tours as a valuable means of communication with local people and as a way to spread recognition of our operations as a company open to the community.

We promote regional afforestation and environmental preservation initiatives through membership in a variety of environmental organizations.

Environmental Organizations

- Office Paper Recycle Kanazawa
- Sustainability Communication Network
- Green Purchasing Network
- 22nd Century Environment Culture Foundation
- Ishikawa Afforestation Promotion Association
- Ishikawa Environmental Partnership Citizens Association etc.

Total tour participants: 18 groups (323 participants)		
Breakdown	Schools/education related	9 groups
	Environment/health and safely related	1 group
	General (other)	8 groups

Our entry wins top prize at Hakusan Chiyo-jo Morning Glory Festival

The city of Hakusan, where our headquarters is located, holds a yearly Chiyo-jo Morning Glory Festival in honor of the haiku poetess Chiyo-jo, who was born there. We submit an entry every year, and this year our submission was awarded first prize in the group/corporate category.



Environmental Policy

We, Eizo Nanao Corporation, are aware that our products have a significant impact on the environment.

In our product development work we therefore consider friendliness to the environment to be part and parcel of product quality.

We endeavor to supply our customers worldwide with products developed to common specifications that meet or exceed the environmental requirements of individual countries as well as our own environmental standards.

We are conscious of the importance of environmental preservation as a common issue for all humankind and pledge to do our utmost to protect the environment in all aspects of our corporate operations.

1. We endeavor to constantly remain up to date on and to strictly adhere to environmental laws and standards applicable to our corporate operations and products, as well as other environmental preservation requirements of society at large. We determine environmental objectives and targets based on a clear understanding of such requirements as well as the environmental impact of our corporate operations and products. These objectives and targets are reviewed on a regular basis to achieve ongoing improvement of our environmental management system and performance.
2. At the research and development stage, we pay careful attention to the design of our products to minimize the consumption of resources and energy, ensure ease of recycling, and reduce the volume of toxic substances. Our aim is a continuous raising of our environmental standards.
3. In our corporate operations we give due consideration to conserving energy and resources. We work to reduce the volume of waste products generated by our operations and to dispose properly of all waste generated. We are engaged in positive efforts to promote the collection and recycling of used products discarded by consumers.
4. We constantly monitor the latest information related to the environment through our information network, which includes our overseas facilities and affiliated companies. We endeavor to share information appropriately by disclosing and disseminating details of our own environmental initiatives, and we work with others in common efforts aimed at preserving the environment.
5. We educate all company members and strive to deepen their awareness of environmental matters, while creating members of a team that will be committed to the effective use of natural resources and energy, and to the protection of our global environment.

Environmental Management System

Operation of Environmental Management System

We obtained ISO 14001 certification in July 1998, and it has been updated twice since then. The management system operates through the cooperation of an organization that works to improve the environmental performance of our corporate operations (Environmental Management Office, General Affairs Division) and an organization that concentrates on enhancing the environmental compliance of our products (Engineering Management Office, Quality Assurance Division). In fiscal 2005, we completed the process of making our environmental management system compliant with the 2004 revision of the ISO 14001 standard. During fiscal 2006 it was expanded to include the operations of our newly opened sales office in Sendai and our four Eizo Galleria locations.

Environmental Auditing

During fiscal 2007, the internal auditing system verified that the company's environmental preservation efforts continue to be carried out appropriately. Efforts to make our products environmentally compliant, a major emphasis at the company, are being promoted continuously and in planned fashion based on EU directives and laws. Work to develop products complying with the 2008 version of our in-house Eizo Eco Products standards is

proceeding actively. In addition, preparations have begun to ensure compliance with the EU EUP Directive within fiscal 2007, as required.

In our corporate activities, new buildings have been completed and there is a trend toward increased energy consumption (particularly electric power). In the future we must redouble our efforts to conserve energy and to help prevent global warming. Though environmental preservation efforts directly linked to work tasks remain small at present, related issues have started to become apparent little by little. In most departments such efforts are centered around reducing waste paper, proper processing of waste products, and energy conservation.

Ongoing environmental education and steady efforts are therefore important.



Audit

Environmental Risk Management

Facility Management

Some of our facilities are covered by the Air Pollution Control Law. They have established their own management standards, regardless of whether or not their operations are on a scale that makes them subject to legal requirements. Compliance with these standards is strictly monitored by measuring the levels of the substances in question. (Detailed measurement data can be viewed on the Eizo Nanao Corporation Web site.) In addition, drills are carried out once a year to practice emergency procedures for dealing with accidents that could cause air pollution, such as leaks in the oil supplies of climate control systems or abnormal combustion in boiler systems.

The new research and development building, which was brought into use in April 2007, includes an energy center in a separate structure to reduce environmental impact and conserve energy at the site overall. As a result, the number of facilities (hot and cold water generators for climate control) subject to the Air Pollution Prevention Law has increased to three. For these we have selected energy efficient models fueled by LPG, which produces less carbon dioxide and air pollution than fuel oil.

Waste Processing

All waste generated by the company is processed by other companies on a contract basis. As a generator of waste, we have a responsibility to ensure that the contractors we hire dispose of it in a proper manner. For this reason we carry out on-site inspections of the intermediate and final waste processors we employ. In fiscal 2006 these inspections showed that processing was being carried out appropriately.



Emergency response drill



On-site inspection

Environmental Education

Initiatives in Fiscal 2006

In fiscal 2006 new and existing employees participated in educational programs, and training was provided for area environmental education instructors.

As we did last year, we invited outside instructors to conduct our educational program for employees. They presented lectures on subjects related to corporate environmental efforts, such as "The Necessity for Environmental Preservation Efforts as Part of Corporate Activities" and "Thoughts of an Engineer Regarding Environmental Preservation Efforts." These presentations provided valuable insights into ensuring that manufacturing is both people-friendly and environmentally friendly. In addition, we offered screenings of environmental videos to employees to raise their awareness further. Time was allotted by each department to allow all employees to view the videos.

An environmental slogan contest is held each June, in observance of Environment Month. It provides employees with an opportunity to deepen their interest in and awareness of environmental preservation issues and motivates them to become actively involved in related activities.

- New employees participating in education programs: 57
- Other employees participating in education programs: 806
- Area environmental education instructors participating in training: 25

Strict Compliance with Laws and Regulations

The company daily monitors new developments in laws and regulations pertaining to our corporate operations. This information is also summarized on the company's Web site intranet so that employees can check the laws and regulations that cover the tasks they are involved in.



Environmental lecture

In fiscal 2006, we were not in violation of any environmental laws or regulations, and it had no fines or unfavorable court settlements. There were no significant environmental accidents at company facilities, and no complaints were received from local residents regarding environmental matters.

Environmental Objectives and Targets/Performance Report

Of the 12 corporate initiatives and seven product-related initiatives promoted during fiscal 2006, seven corporate initiatives reached their targets, one did not reach its target but nevertheless achieved a result of 70% or better, and four failed to reach 70%. Three product-related initiatives reached their targets, three did not reach their targets but nevertheless achieved results of 70% or better, and one failed to reach 70%. In fiscal 2007 we plan to continue our efforts to promote progress for initiatives that failed to reach their targets.

Objective	Fiscal 2006 target Fiscal 2006 performance	Self-evaluation related page	Fiscal 2007 target	Fiscal 2009 target (mid-term target)
Reduction of industrial waste	32% reduction in total volume of industrial waste from fiscal 1996	X P18	17% reduction in total volume of industrial waste from fiscal 1996 ● Reduction in volume of industrial waste produced by departments ● Reduction in plastic waste ● Increase in processing of refuse as waste having commercial value	21% reduction from fiscal 1996
	Achieved 13.6% reduction (26.4% increase from previous year)			
	Achievement of 95% recycling of industrial waste	O P18	Maintain 95% recycling of industrial waste Survey of recycling methods	Achievement of 96% recycling rate
	Achieved 96.9% recycling			
	Promotion of collection of used products Corporate: 350 units per year, household: 2,500 units per year Corporate: 400 units per year, household: 2,668 units per year	O P16	Promotion of collection of used products ● Corporate: 370 units per year ● Household: 2,800 units per year	● Corporate: 400 units per year ● Household: 3,000 units per year
Prevention of global warming	Limit consumption of electricity to 113% of fiscal 1996	X P17	New targets accompanying opening of New Building Limiting electricity use to 6,800 MWh (basic unit: 61 GJ/¥100 million) ● Maintain appropriate indoor temperature ● Monitor electricity use of New Building	Limit to 6,800 MWh
	15.5% increase from fiscal 1996 (12.4% increase from previous year)			
	60% reduction in consumption of fuel oil A from fiscal 1996 70.0% of fiscal 1996	O P17	Target to be eliminated due to phase-out of fuel oil A use with upgrading of climate control system	—
	Limit consumption of kerosene to 135% of fiscal 2001 or less 30.5% increase from fiscal 2001			
	Maintain LPG usage volume at fiscal 2005 (28,760 kg) Annual usage volume was 24,730 kg	O P17	New item Limit LPG use to 150 tons considering opening of New Building ● Maintain appropriate indoor temperature	Limit to 230,000 kg (considering introduction of new climate control systems)
4% reduction in output of carbon dioxide from fiscal 1996 Achieved 3.9% reduction from fiscal 1996				
Resource conservation	50% reduction in use of copier paper from fiscal 1996 Achieved 28.0% reduction from fiscal 1996 Through recycling, maintain volume of paper discarded at 145% of fiscal 1999 or less 54.2% increase from fiscal 1999	X P17 P18	50% reduction in use of copier paper from fiscal 1996	50% reduction in use of copier paper from fiscal 1996
Green purchasing	Further expansion of green purchasing product list Step-by-step promotion of green procurement (parts and materials) Achieved green purchasing ratio of 85.0% in office supplies ▶ Green purchasing promoted in General Affairs Division Green procurement ▶ Promoted efforts to encourage environmental preservation activities by suppliers		O P20	Further expansion of green purchasing product list Increase in green purchasing ratio Step-by-step promotion of green procurement (parts and materials)
Management of hazardous substances	Implementation of new management system for chemicals (including MSDS management, risk management, and CFC management) Clarification of utilization methods for organic solvents Clarification of handling of strong acids from use through disposal	O —	Implementation of management system for chemicals (including MSDS management, risk management, and CFC management)	Implementation of management system for chemicals (including MSDS management, risk management, and CFC management, and reassessment)
Compliance with European standards	Compliance with WEEE Directive Preparation of chemical substances disclosure data for recycling companies (by August)	O —	Completed; henceforth a constant component of business operations	—
	Data posted on Web site in early August 2006 Agreed to supply this data to EU dealers having purchasing agreements with Eizo Nanao Corporation			
Reduction of volume of hazardous substances	Expansion of use of soy ink to labels (paper) other than nameplates Switched to soy ink for all letterpress printed labels	O —	Henceforth a constant component of business operations	—
	Expansion of use of biodegradable plastic to parts other than UM bags An evaluation was performed and its findings discussed, but implementation was delayed and a decision made to continue investigation and study owing to poor cost-effectiveness and high risk for current parts			
Resource conservation	Making products more lightweight and compact (study and drawing up of provisional evaluation standards)	△ —	Ongoing; continue studying expansion to other parts	Expand usage scope
	Evaluation standards were presented and discussion held regarding future study topics			
Energy conservation	Bringing all general-use LCD monitors into conformance with "energy conservation" item in environmental compliance standards (excluding on mode)	O —	Completed; henceforth a constant component of business operations	—
	New general-use LCD monitors are Energy Star Tier 2 compliant, and 100% of FORIS TV3 models meet the requirements of the Law Concerning the Rational Use of Energy			
Environmental labeling	Creation of Eizo Eco Products 2008 guidelines (including adoption of long-term environmental compliance improvement targets) Proposals were presented in conjunction with a study on reducing size and weight	△ P19	Ongoing; formulate evaluation standards	Formulation of Eizo Eco Products guidelines for fiscal 2010
Management of chemical substances in products	(New) Achieved compliance with JGPSSI Chemical Substances Survey Guidelines Ver. 3.0 Achieved compliance with JGPSSI Guidelines for the Management of Chemical Substances in Products Information was collected through participation in JGPSSI general meetings, etc., but matters did not progress to the study stage	X P20	Investigation and study in preparation for introduction	—

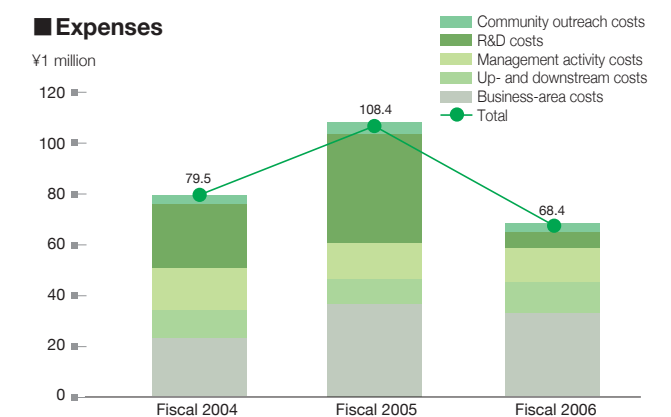
Evaluation standard ○: Achieved △: Achievement ratio of 70% or more X: Achievement ratio of less than 70%

Environmental Accounting

Environmental Preservation Costs (Unit: ¥1,000)							
Category	Main initiatives	Investment			Expenses		
		Fiscal 2006	Fiscal 2005	Fiscal 2004	Fiscal 2006	Fiscal 2005	Fiscal 2004
① Business-area costs		0	0	0	33,178	35,208	22,073
Breakdown	①-1 Pollution prevention costs	0	0	0	2,930	1,539	1,570
	①-2 Global environmental preservation costs	0	0	92,251	12,640	18,205	8,362
	①-3 Resource recycling costs	0	0	0	20,538	17,003	13,711
② Up- and downstream costs	Product recovery and recycling, green purchasing, costs of recycling packaging	0	0	0	11,580	9,764	10,339
③ Management activity costs	Costs of environmental impact and monitoring, employee education, Environmental Report production, ISO 14001 auditing, landscaping of grounds	0	0	2,500	13,101	13,934	16,737
④ R&D costs	Environmentally conscious design, introduction of green procurement support system, measurement of volatile organic compounds (VOCs), TCO certification	21,642	15,936	9,989	7,073	42,612	25,351
⑤ Community outreach costs	Contributions to environmental groups	0	0	0	3,313	5,418	3,390
⑥ Environmental restoration costs	Costs of restoring the natural environment	0	0	0	178	0	0
Total		21,642	15,936	104,740	71,353	108,475	79,460

Economic Effects (Actual Effects) of Environmental Preservation Measures (Unit: ¥1,000)		
	Description of effect	Amount
Profit	Business income from recycling of waste products generated by major business operations and recycling of used products, etc.	659.8
Cost reduction	Reduction in energy costs achieved through better energy efficiency	915
	Reduction in waste processing costs achieved through better resource efficiency and recycling	0
Total		1,574.8

In fiscal 2006, investment costs associated with environmental preservation totaled ¥21.64 million, an increase of 35.8% from the previous year. Environmental preservation expenses came to ¥71.35 million, a decrease of 34.2% from the year before. The economic effects of our environmental preservation efforts totaled ¥1.57 million. The largest share of total investment was research and development costs, including the green procurement support system and measurement of volatile organic compounds (VOCs). A major portion of the expenses consisted of business-area costs, one source of which was an increase in waste products (recycling) associated with manufacturing equipment for our diversifying production structure.



Scope of accounting: **Eizo Nanao Corporation**

(as covered by Social and Environmental Report)

Period covered: April 1, 2006–March 31, 2007

Investment: Amount applied for the current term under the depreciation scheme used for financial accounting

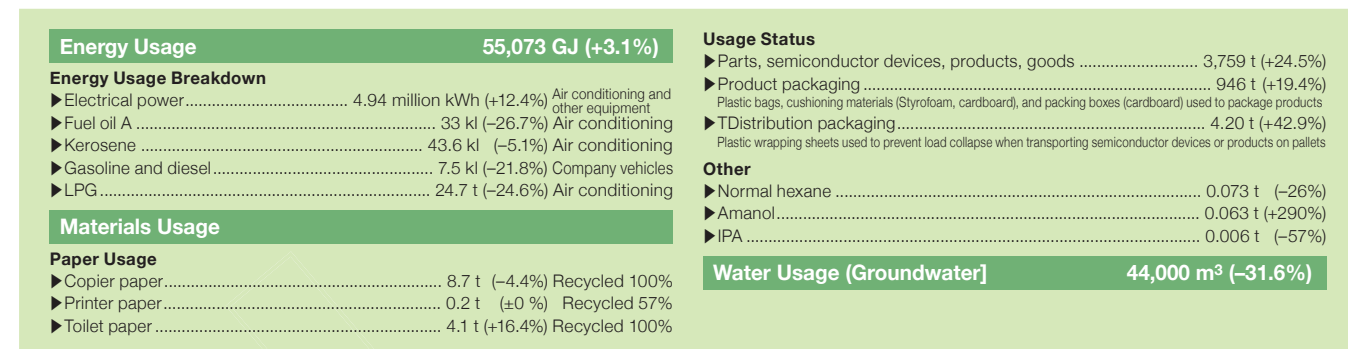
Expenses: Personnel costs, material costs, depreciation, other expenses

Depreciation costs: Included in cost of goods acquired in fiscal 2004, 2005, and 2006 according to the depreciation scheme used for financial accounting for fiscal 2006

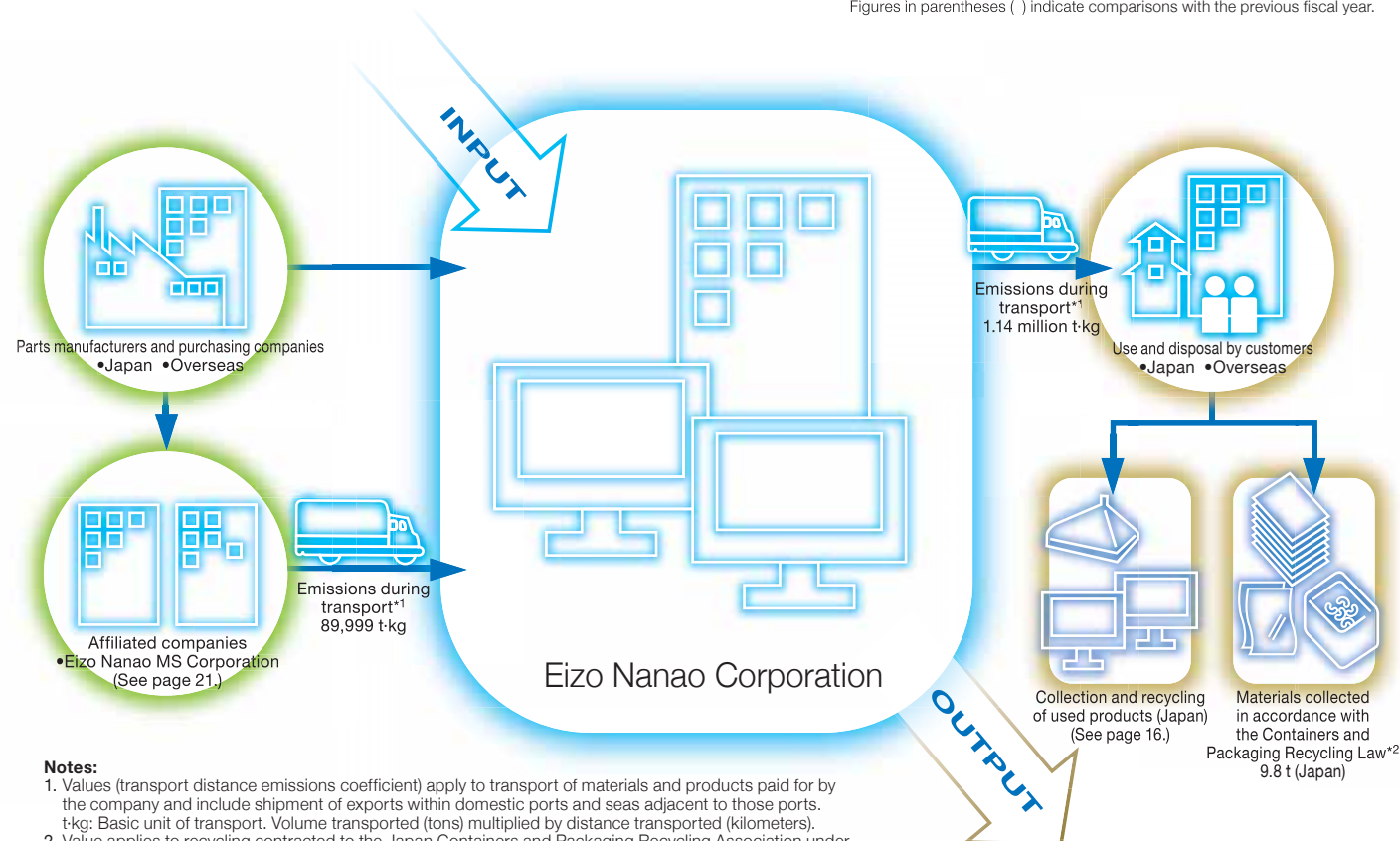
The Environmental Accounting Guideline 2005 Edition was used for reference when compiling the above figures.

Research and development operations include elements related to environmental preservation considerations. However, due to the difficulty of tracking direct environmental preservation costs, the costs of equipment, prototype products, etc., related to R&D work is not included in the expenses total (except for R&D work expressly for the purpose of environmental preservation).

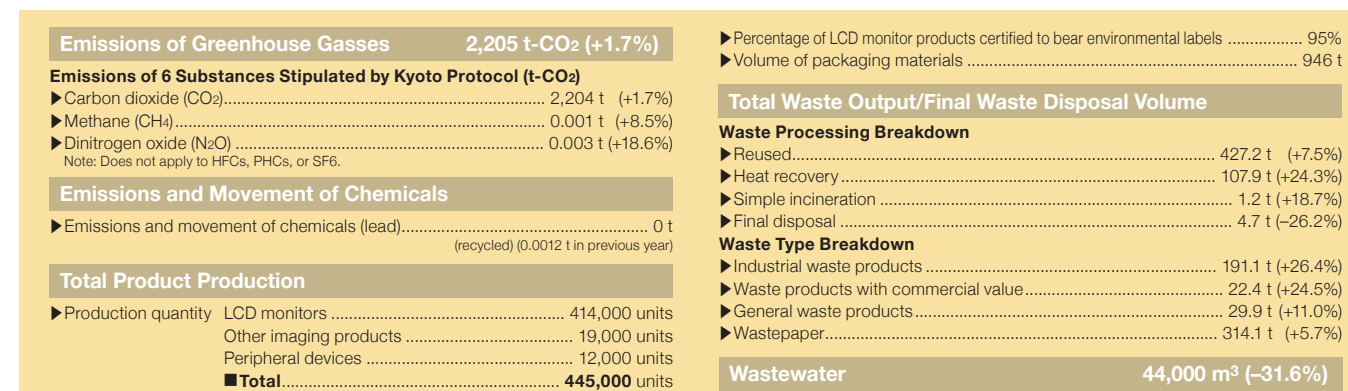
Overall Environmental Impact of Business Activities (Fiscal 2006)



Figures in parentheses () indicate comparisons with the previous fiscal year.



Notes:
 1. Values (transport distance emissions coefficient) apply to transport of materials and products paid for by the company and include shipment of exports within domestic ports and seas adjacent to those ports. t-kg: Basic unit of transport. Volume transported (tons) multiplied by distance transported (kilometers).
 2. Value applies to recycling contracted to the Japan Containers and Packaging Recycling Association under the Containers and Packaging Recycling Law. The total is composed primarily of plastics, such as Styrofoam and vinyl bags, and does not include cardboard.



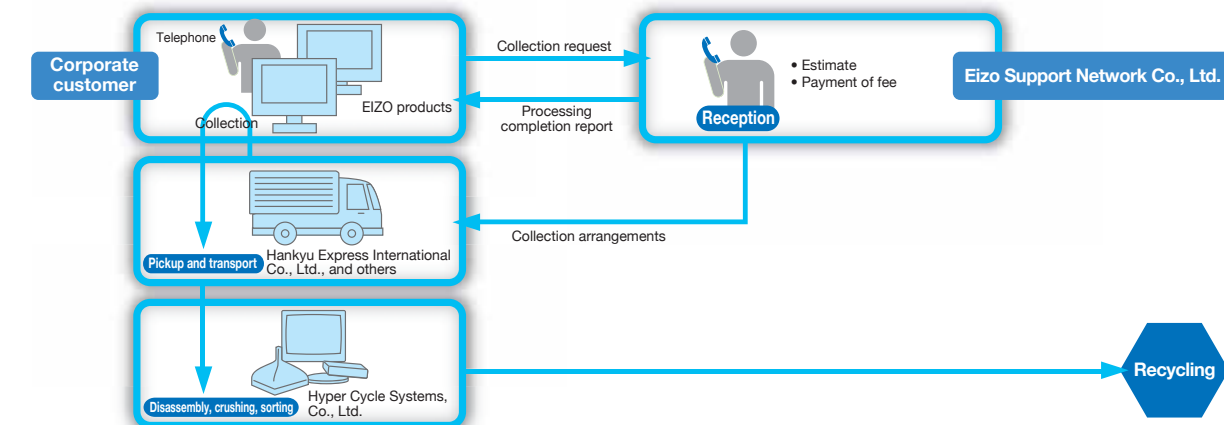
Figures in parentheses () indicate comparisons with previous fiscal year.

Collection and Recycling of Used Products

Collection and Recycling of Commercial Products

A product collection and recycling system was set up in July 2001 under the Waste Disposal Law and the Law for Promotion of Effective Utilization of Resources. The collection and recycling regime it establishes is targeted at products marketed to commercial customers. The collected products are disassembled, crushed, and sorted by recycling contractors, and the resulting raw materials are reused in the manufacture of new products. In March 2005, collection and recycling began under a Designated Wide-Area Recycling Industrial Waste System certified by the Japanese Ministry of the Environment.

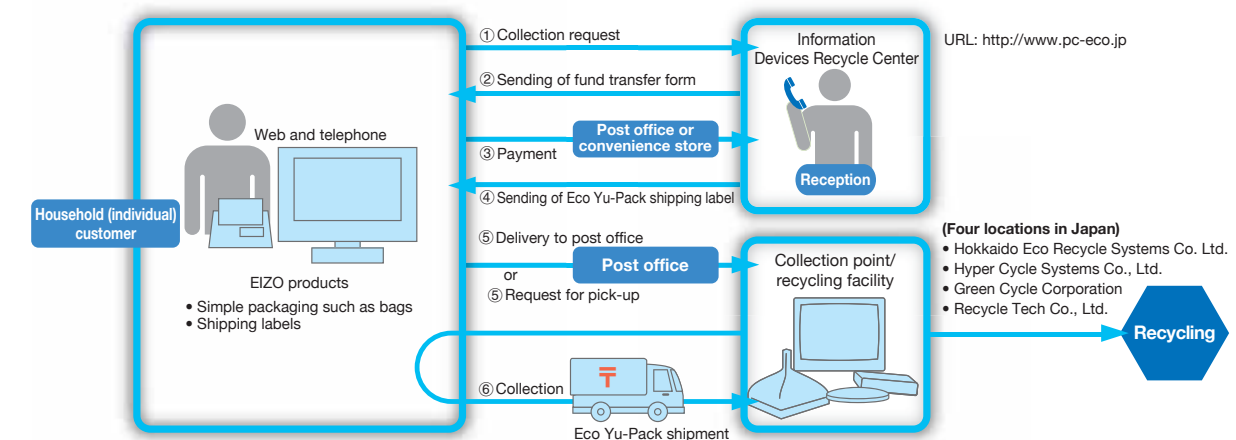
	Volume collected (t)	Quantity collected (units)	Volume recycled (t)	Recycling rate (%)
CRT monitors	13.18	355	9.87	74.9
LCD monitors	0.38	45	0.34	89.3



Collection and Recycling of Household Products

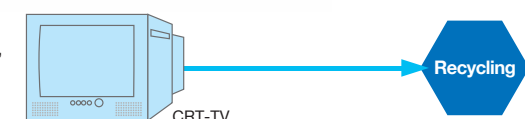
In October 2003, a product collection and recycling system for individual customers was set up under the Waste Disposal Law and the Law for Promotion of Effective Utilization of Resources. Under it, used household products are collected and recycled. As the collection system has become established, the number of collection requests has been increasing year by year.

	Volume collected (t)	Quantity collected (units)	Volume recycled (t)	Recycling rate (%)
CRT monitors	67.69	2,523	48.23	71.3
LCD monitors	1.32	182	1.03	78.4



Collection of CRT TV upon Purchase of LCD TV

Our FORIS.TV® line of LCD TVs went on sale in March 2004. In this regard, we are offering customers purchasing a new FORIS.TV® from us a deal under which we will collect and dispose of their old CRT TV. We are extending this offer as a retailer under the Electrical Household Appliances Recycling Law.



Efforts to Prevent Global Warming

In fiscal 2006 our total energy input decreased by 3.85% year on year.

Greenhouse Gas Emissions

	CO ₂ emissions
Fiscal 2007 target	4% reduction
Fiscal 2006 target	4% reduction
Fiscal 2006 results	3.9% reduction
Achieved/not achieved	No
Base year	Fiscal 1996

Note: Of six types of greenhouse gases, the company produces carbon dioxide (CO₂), methane (CH₄), and dinitrogen oxide (N₂O), the volume of output of which we track in carbon dioxide equivalency values.

The company's Target Items Related to Greenhouse Gas Emissions

- Gasoline, kerosene, diesel fuel, fuel oil A, liquefied petroleum gas, electricity usage
- Incinerated waste plastic (including vinyl)

Energy Usage

	Electricity	Fuel oil A	Kerosene	LPG
Fiscal 2007 target	Limit to 6,800 MWh	—	Limit increase to 30%	Limit to 170,000 kg
Fiscal 2006 target	Limit increase to 13%	60% reduction	Limit increase to 35%	28,750
Fiscal 2006 results	15.5% increase	70% reduction	30.5% increase	24,730
Achieved/not achieved	—	Yes	Yes	Yes
Base year	Fiscal 1996	Fiscal 1996	Fiscal 2001	Fiscal 2005

Note: LPG for headquarters climate control system

In fiscal 2006, the overall climate control load rose due to an increase in personnel, higher temperatures during the summer months, and changes in the configuration of the production system. In addition, the opening of a new building in fiscal 2007 was accompanied by a substantial rise in energy consumption. In the future we plan to increase the use of LPG, which has less environmental impact than fuel oil A.

Examples of Efforts

- Application of heat-block coating to windows
- Adjustment of temperature and humidity based on workplace environment measurements carried out in summer and winter
- Companywide shutdown of climate control systems (during nighttime hours)

Resource Conservation

Paper Usage

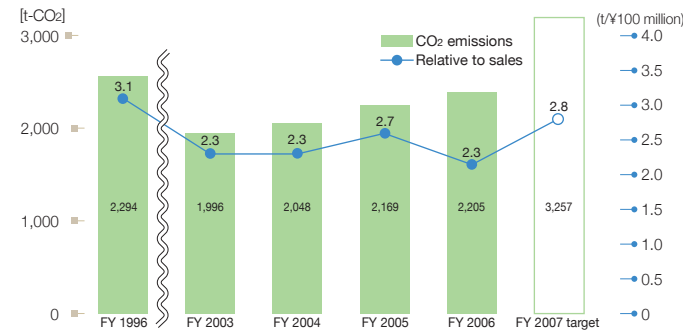
	Copier paper	Printer paper
Fiscal 2007 target	50% reduction	—
Fiscal 2006 target	50% reduction	—
Fiscal 2006 results	28% reduction	96.7% reduction
Achieved/not achieved	No	—
Base year	Fiscal 1996	Fiscal 1996

It was decided that in fiscal 2006, in contrast to the previous year, the volume of copier paper purchased would be 50% less than the base year level. Purchases did tend to decrease, encouraged by in-house surveys and publicity, but we failed to reach the target. We will continue to track the purchase volume of EDP paper in fiscal 2007, but due to the small volume used we have removed this item from our list of environmental targets.

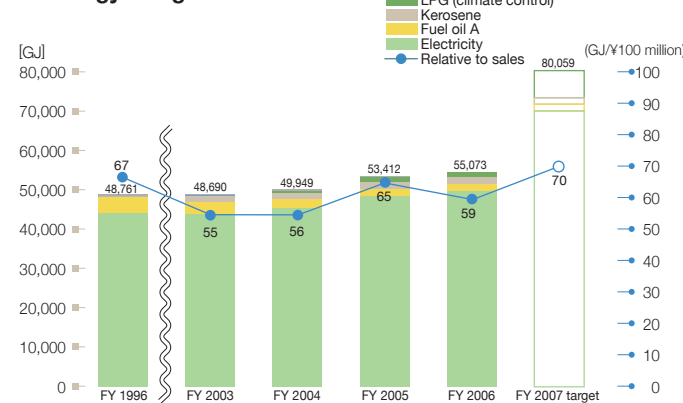
Water Usage

We use groundwater exclusively. No water is used in manufacturing processes, but a large volume of water is used for snow abatement in winter and for watering plants in summer.

Greenhouse Gas Emissions

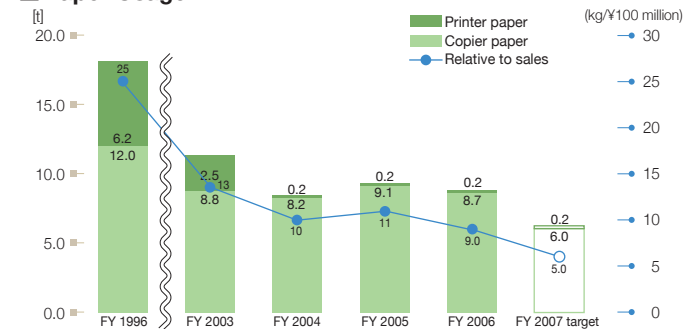


Energy Usage

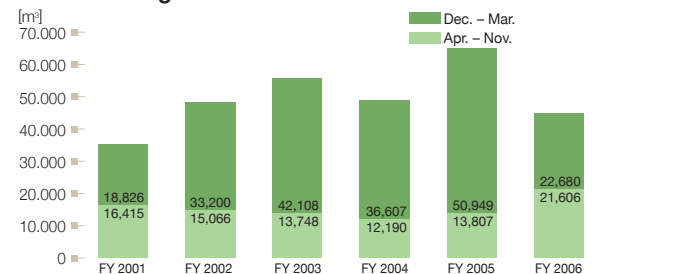


Note: Gasoline: Consumption by company vehicles
Diesel oil: Consumption by company vehicles and snowplows
LPG: Consumption by climate control system

Paper Usage



Water Usage



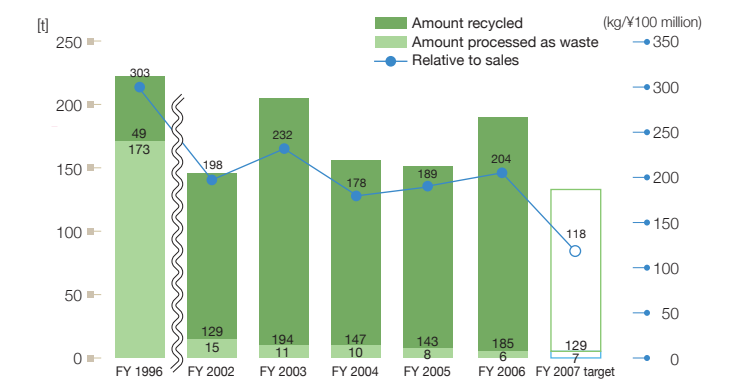
Increasing the Recycling Rate and Reducing Waste

Industrial Waste

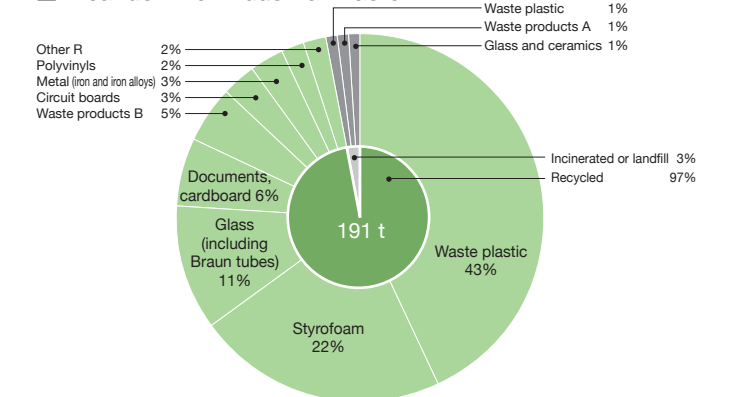
	Industrial waste volume	Recycling rate
Fiscal 2007 target	17% reduction	95%
Fiscal 2006 target	32% reduction	95%
Fiscal 2005 results	13.6% reduction	97%
Achieved/not achieved	No	Yes
Base year	Fiscal 1996	—

In fiscal 2006 the recycling rate was 96.9%, the highest so far, and we reached our target for that initiative. However, the total volume of waste increased substantially, preventing us from meeting that target. The increase is due to the upward trend in imports of large-format component parts. As a result, the volume of Styrofoam (up 30% from the previous year) and waste plastic (up 28% from the previous year) from packaging has grown. We work with waste processing companies to collect waste Styrofoam, melt it down, and then mold it into chips that can be used as a raw material for new plastic products. Some of this resource is also used as Styrofoam in the packaging of our products.

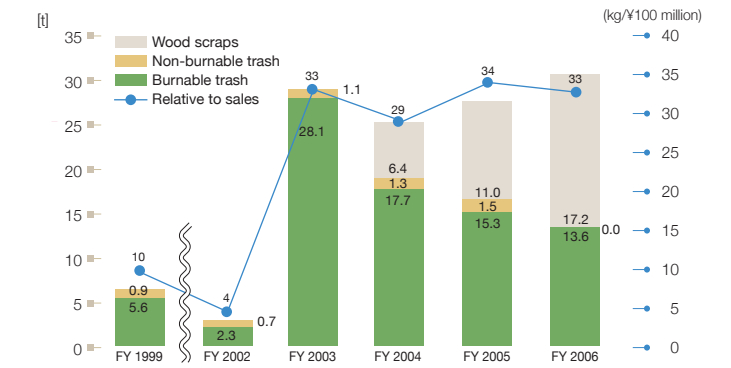
Industrial Waste



Breakdown of Industrial Waste



General Waste



General Waste

In fiscal 2006, output of burnable trash decreased by 14.7% from the preceding year while output of wood scraps rose 49.4% due to an increase in the amount of component parts imported. This resulted in an overall increase of 5.6%, and we were unable to meet our target for general waste of a reduction from the previous year's level.

Items Discarded as General Waste

- Burnable trash: Grass clippings, office provisions (used tea, etc.), non-recyclable items (carbon paper, thermal paper), indoor footwear, etc.
- Non-burnable trash: Plastic office supplies
- Wood scraps: Shipping pallets for raw materials

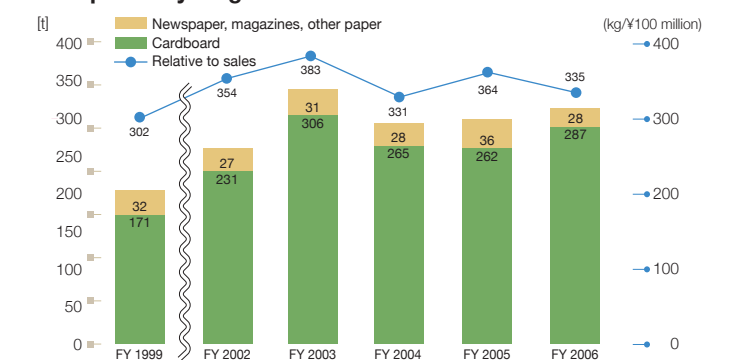
Note: Until fiscal 2002 statistics on waste output were not collected on a fixed-term basis. Reporting of statistics for fixed-term emissions became possible in fiscal 2003, and this accounts for the notable increase in the totals. This item has been eliminated as a target for fiscal 2007 and henceforth only actual figures will be reported, due to a review of definitions according to which most general waste is now treated as industrial waste.

Paper Recycling

	Volume of Paper Recycled
Fiscal 2007 target	—
Fiscal 2006 target	Limit increase to 45%
Fiscal 2006 results	54.2% increase
Achieved/not achieved	No
Base year	Fiscal 1999

Waste cardboard, which constitutes about 90% of our total paper disposed of through recycling, increased 9.5% from the preceding year, so we were unable to meet our target for paper recycling. In this connection, it should be noted that we collect used paper from offices and purchase recycled products (toilet paper) from Office Paper Recycle Kanazawa as part of our community-oriented recycling efforts.

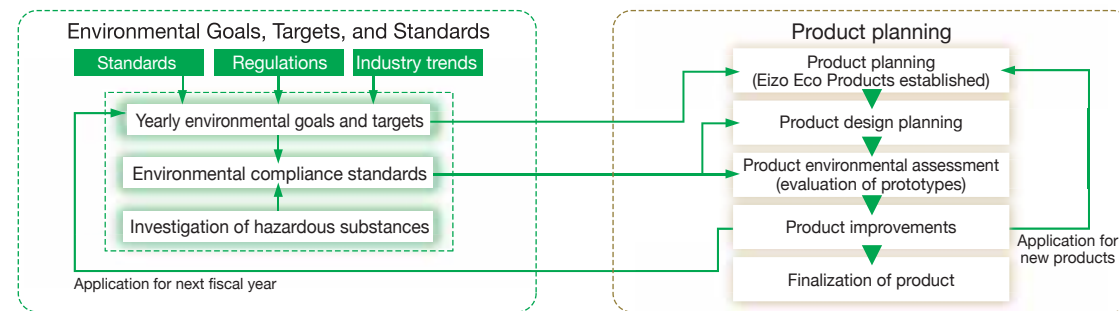
Paper Recycling



Ensuring the Quality and Environmental Compliance of Our Products

Basic Product Development Sequence

We endeavor to develop environmentally conscious products, including compliance with domestic and international legal requirements and standards. Based on previously established in-house Environmental Compliance Standards, each product is subject to an environmental compliance assessment (an evaluation of the degree of environmental compliance of the product). The results of the assessment help to clarify what measures need to be taken to deal with items that require improvement and are used in setting environmental objectives and targets for the coming fiscal year. Among the provisions listed in our environmental goals and targets, we are addressing key issues through our "Eizo Eco Products 200x" (200x refers to the year established) program, which is designed to draw attention to environmentally sound products. In addition, the environmental compliance standards contain 100 check items, and they are revised each year to reflect changes in laws, regulations, and industry trends.



TCO'03/TCO'06

Efforts to make our company's products more environmentally friendly have proceeded largely in response to the evolution of environmental standards in Europe. These efforts started with our work to comply with the TCO'95 standard introduced in Sweden. This standard was followed by TCO'99, and that was followed by TCO'03, which is the version still in effect today. We participated actively in the forum that helped establish the parameters for TCO'03, and in January 2003 we became one of the first companies to receive certification (as one of a group of four companies, with a total of 15 products receiving certification). Almost all monitor products we produce are TCO compliant. In the years ahead we will continue to consider it an important standard to be met in the development of new products. In August 2006 we released one of the world's first new products complying with the TCO'06 Media Display standard. (Four product models were introduced simultaneously by three companies, including Eizo Nanao Corporation.) TCO'06, which derives from TCO'03, is a standard for monitors designed for video reproduction. To the requirements of TCO'03 it adds new items related to reproduction of moving images, such as response speed between halftones and black level brightness.



PC Green Label

The PC Green Label system is an environmental labeling program for computer equipment (including monitors) that was launched in July 2001 by the Japan Electronics and Information Technology Industries Association (JEITA). (At present it is administered by the PC 3R Promotion Center.) The concept of this system comprises the following three components: (1) environmentally conscious product design and manufacturing, (2) recovery and recycling of products after use, and (3) environmental information disclosure. As a corporate member of the program, Eizo Nanao Corporation participates in studies on the upgrading of standards and is working aggressively to obtain certification for additional products. These efforts will continue in the years ahead.



Energy Star and International Energy Star Program

The International Energy Star Program was adopted in Japan in 1995 on the basis of an agreement with the U.S. government. We have participated in the program since its inception, and one of our products was the first computer monitor to be registered under it. Since then virtually all our products have been registered under the Energy Star and International Energy Star programs. The program's requirements are being made stricter in two stages. Stage one took effect in January 2005 and the more stringent stage two came into force in January 2006. We are working actively to bring our products into compliance with the new standards.

Compliance with the EC RoHS Directive

In Europe, an anticipated increase in the volume of waste electrical and electronic equipment led to the issuance on February 13, 2003 of the WEEE Directive, which covers collection and recycling, and the RoHS Directive, which restricts the use of designated hazardous substances. The RoHS Directive stipulates that manufacturers of electronic equipment must ensure that products put on the market in Europe from July 1, 2006 onward be free of six designated substances: lead, mercury, cadmium, hexavalent chromium, PBB, and PBDE. Both EC directives have an influence that extends beyond Europe to the regulations adopted in other countries, including Japan, the United States, and China. At our company the switchover began in July 2005 (products shipped from August onward) and was completed for all target product categories by May 2006.

For products sold in Japan, we have adopted the following mark for use in catalogs and the like. "Management Methods for Controlling Pollution by Electronic Information Products," commonly referred to as China RoHS, was brought into effect by the Chinese government on March 1, 2007. Like the EU RoHS Directive, it covers six hazardous substances. It differs, however, in that it applies to products such as medical equipment and batteries, which are exempted from the EU RoHS Directive. We are complying with the provisions of China RoHS, including its labeling requirements.



Compliance with J-Moss

As part of a review of the Law for Promotion of Effective Utilization of Resources, the Japanese Ministry of Economy, Trade and Industry has instituted legally binding labeling requirements based on the J-Moss (JIS C 0950) standard. J-Moss is a Japan Industrial Standard (JIS) that specifies the labeling method to be used to indicate the presence of specified chemical substances in electrical and electronic equipment. There are six such substances: lead, mercury, cadmium, hexavalent chromium, PBB, and PBDE.

The J-Moss standard stipulates that the absence of these substances in six categories of products, including personal computers and television sets, be indicated by a Green Mark (optional) and that their presence be indicated by a different mark. We are using the designated marks on products covered by the law, such as LCD monitors and LCD TVs.



The J-Moss Green Mark indicates that content of the six designated chemical substances is below the specified standard.

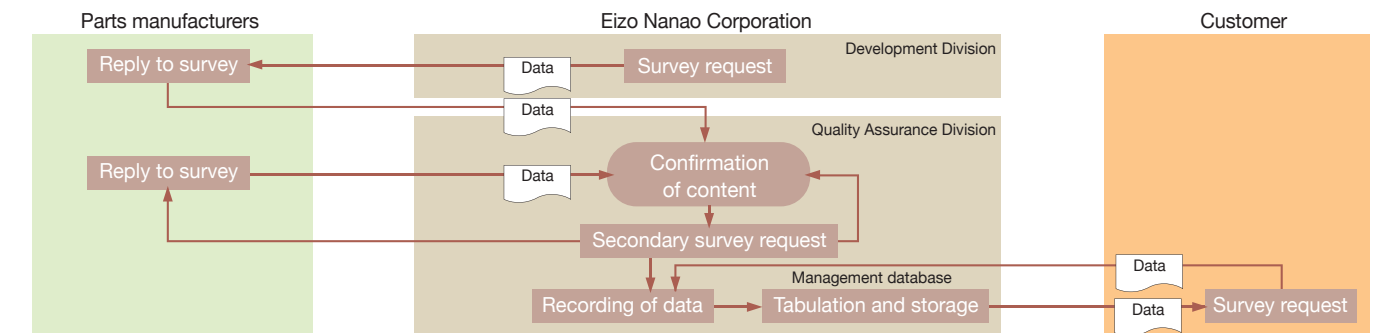


This J-Moss mark indicates that content of the designated chemical substances exceeds the specified standard. The chemical symbols for the substances are displayed below or to the side of the mark.

Management of Chemicals

We are working to improve our surveying of chemical substances with the aim of ensuring compliance with domestic and international environmental standards and green procurement guidelines. Strict surveying and management of chemical substances contained in parts and materials used in our products has grown in importance with the adoption by the EC of the RoHS Directive. In response to these developments, we are presently building a chemical substances survey management database that will provide full coverage for a new industry-wide unified chemical substance survey form (the data form from the Japan Green Procurement Survey Standardization Initiative (JGPSSI) Green Procurement Guidelines) listing more than 300 chemicals organized into 29 groups. This form is rapidly becoming the new standard within the industry in Japan. The new database will enable parts manufacturers to respond to chemical substances survey requests by entering data into electronic data forms. This will allow all exchanges of information to be handled electronically, including survey requests,

tabulation of responses, and management of data. In addition, information on which substances are permitted and which are prohibited will no longer be monopolized by a single management division. It is becoming increasingly important that all of our divisions that handle products, parts, and materials are able to share all relevant data. Viewed in this light, the implementation of the new chemical substances survey management database will be very significant because it will facilitate the smooth processing of green procurement at all levels throughout the company. As part of our efforts to comply with the RoHS directive, we have installed fluorescent X-ray analysis machines. These expose test pieces to X-ray radiation and make it possible to determine their chemical content. Analyzing the molded materials and electronic parts used in our products to confirm whether they contain designated substances is an important part of controlling their chemical makeup.



Green Procurement

Environmental consciousness is a key issue in corporate management. Eizo Nanao Corporation pursues environmental action based on its Environmental Policy. This commitment is not limited to our internal

operations, but also extends to collaborative efforts with our suppliers. We promote a policy of green procurement under which priority is given in purchasing to environmentally compliant materials, parts, and products.

Affiliated Company Data

INPUT

Total Energy Usage

Energy Usage Breakdown

- ▶ Electricity 4.01 million kWh (+7.5%) Climate control and other equipment
- ▶ Gasoline and kerosene 1.4 kl (-22.7%) Company vehicles

Materials Usage

Paper Consumption

- ▶ Copier paper 1.7 t (-2.3%) 100% recycled
- ▶ Toilet paper 1.3 t (-8.3%) 100% recycled

Consumption of Other Materials

- ▶ Eutectic solder 1.7 t
- ▶ Lead-free solder 14.2 t

Water Usage **6,500 m³ (+101%)**

Fiscal 2006 Results

Reduction of Waste

- Selection of suppliers to reduce excessive packaging.
- Reuse of plastic bubble packaging as cushions in packaging.
- Investigation of carbon dioxide emissions due to waste products (reduction confirmed).

Reduction of Energy Usage

- Changes made to local exhaust ventilation equipment for lead-free operation processes.
- Chiller ventilation ducts and circulation fans installed.
- Introduction of document management system (ASTRUX).
- Wind barrier partitions installed in truck yard.
- Energy conservation study undertaken with Hokuriku Electric Power Company, and presentation of proposals made.

Facilities Management and Management of Hazardous Substances

- Reduction in use of organic solvents due to introduction of new solder baths.
- Measurement of workplace environment and noise.
- Appropriate processing of flammable oil waste.
- Introduction of lead-free machinery (one solder bath).

Eizo Nanao MS Corporation Hakui Plant

(Operations: Assembly of printed circuit boards for Eizo Nanao Corporation products)

OUTPUT

Greenhouse Gas Emissions **1,547 t-CO₂**

Emissions of Six Substances Stipulated by Kyoto Protocol (t-CO₂)

- ▶ Carbon dioxide (CO₂) 1,564 t (+6.5%)
- ▶ Methane (CH₄) 0.00013 t (-23.5%)
- ▶ Dinitrogen oxide (N₂O) 0.00091 t (-38.1%)

Note: Does not apply to HFCs, PFCs, or SF₆.

Emissions and Movement of Chemicals

- ▶ Emissions and movement of chemicals (lead) 0.7 t (-75.0%) Recycled

Product Production

- ▶ Production quantity (based on main circuit boards)
- ▶ CRT monitor circuit boards 0 units
- ▶ LCD monitor circuit boards 2,953,000 units
- ▶ Other monitor product circuit boards 7,300,000 units

Total Waste Output/Waste Final Disposal Volume

Waste Processing Breakdown

- ▶ Recycled 155.3 t (-13.0%)
- ▶ Heat recovery 9.5 t (+61.0%)
- ▶ Simple incineration 6.4 t (-27.8%)
- ▶ Final disposal 4.3 t (-38.9%)

Waste Type Breakdown

- ▶ Waste with commercial value 13.6 t (-15.6%)
- ▶ Industrial waste 67.7 t (-20.4%)
- ▶ General waste 4.8 t (-36.8%)
- ▶ Wastepaper 101.2 t (-5.9%)

Wastewater **6,500 m³ (+103.1%)**

Figures in parentheses () indicate comparisons with previous fiscal year.

INPUT

Total Energy Usage

Energy Usage Breakdown

- ▶ Electricity 947,000 kWh (+18.7%) Climate control and other equipment
- ▶ Fuel oil A 44.1 kl (-49.3%) Climate control equipment
- ▶ Gasoline and kerosene 1.5 kl (+2.3%) Company vehicles
- ▶ LPG 46 m³ (-44.7%)

Materials Usage

Paper Consumption

- ▶ Copier paper 0.28 t (+24.0%) 100% recycled
- ▶ Toilet paper 0.94 t (+2.6%) 100% recycled

Use of Other Materials

- ▶ Chemicals (covered by PRTR) 0 t

Water Usage **4,000 m³ (-4.1%)**

Fiscal 2006 Results

Reduction of Waste

- Reuse of polypropylene bands in packaging.
- Number of defects reduced by improving anti-dust measures in the aging process.
- Management thoroughness improved by clarification of the status of reused materials.
- Reduction in carbon dioxide emissions confirmed following upgrade of the climate control system.

Reduction of Energy Usage

- Climate control efficiency improved for operation grinding and packaging processes.
- Climate control changed from a system powered by fuel oil A to an electrical heat pump system.
- Distribution of timetables of regular transport services in an electronic format.
- Introduction of document management system (ASTRUX).

Facilities Management and Management of Hazardous Substances

- Measurement of workplace noise.
- Checking for asbestos in waste materials during upgrading of the climate control system.

Eizo Nanao MS Corporation Nanao Plant

(Operations: Assembly of Eizo Nanao Corporation products)

OUTPUT

Greenhouse Gas Emissions **487 t-CO₂**

Emissions of Six Substances Stipulated by Kyoto Protocol (t-CO₂)

- ▶ Carbon dioxide (CO₂) 487 t (-10.5%)
- ▶ Methane (CH₄) 0.0001 t (+30.0%)
- ▶ Dinitrogen oxide (N₂O) 0.00039 t (-17.0%)

Note: Does not apply to HFCs, PFCs, or SF₆.

Emissions and Movement of Chemicals

- ▶ Emissions and movement of chemicals (lead) 0 t (±0%)

Product Production

- ▶ Production quantity
- ▶ Circuit boards for CRT monitors 0 units
- ▶ Circuit boards for LCD monitors 257,000 units
- ▶ Circuit boards for other monitor products 1,056,000 units

Total Waste Output/Waste Final Disposal Volume

Waste Processing Breakdown

- ▶ Reused 0 t
- ▶ Recycled 195.8 t (+4.2%)
- ▶ Heat recovery 34.4 t (+24.0%)
- ▶ Simple incineration 1.8 t (+83.5%)
- ▶ Final disposal 1.7 t (-37.9%)

Waste Type Breakdown

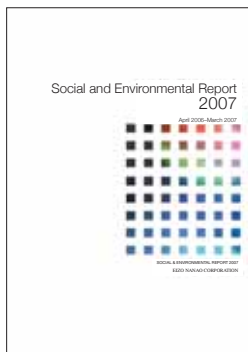
- ▶ Waste with commercial value 0.8 t (-67.5%)
- ▶ Industrial waste 86.5 t (+27.3%)
- ▶ General waste 1.8 t (+83.5%)
- ▶ Wastepaper 143.0 t (-5.0%)

Wastewater **4,000 m³ (-4.1%)**

Figures in parentheses () indicate comparisons with previous fiscal year.

Environmental Timeline

	▶ Product Standards	▶ Corporate Action
1988	Start of utilization of bromine-free flame retardants in plastic parts.	
1992	Start of survey of toxic substances in parts (20 substances).	
1993	Start of work toward TCO'92 certification. Start of work toward Energy Star registration (major products).	
1996	Start of utilization of halogen-free flame retardants in plastic parts. Start of work toward TCO'95 certification.	Appointment of Environmental Management Officer to General Affairs Division.
1997	Start of environmental compliance assessment. Expansion of survey of toxic substances in parts (to 34 substances). Start of registration of products under International Energy Star Program and Energy 2000.	Establishment of Environmental Management Office in General Affairs Division. Adoption of Environmental Policy.
1998	Start of work toward TCO'99 certification.	ISO 14001 certification.
1999	Start of work toward Eco Circle certification. Elimination of cadmium from parts. Expansion of survey of toxic substances in parts (to 920 substances).	Closing of waste incinerators. Establishment of environmental preservation Web site on company intranet.
2000		Switch from water-cooled to air-cooled air conditioners.
2001	Eco Mark registration. PC Green Label registration.	Issuance of first Environmental Report. Start of collection and recycling of commercial products. Adoption of Corporate Philosophy.
2002	Establishment of the company's environmental labeling (establishment of Eizo Eco Products 2002).	Introduction of monitoring system and computerization system.
2003	Start of work toward TCO'03 certification. Establishment of Eizo Eco Products 2004.	Receipt of Governor of Ishikawa's "Green Enterprise" award. Start of collection and recycling of household products.
2004	Start of efforts to comply with the RoHS Directive.	Start of collection and recycling of commercial products based on requests from an expanded region. Implementation of energy conservation measures in conjunction with upgrading of equipment (climate control, lighting) in headquarters building.
2005	Start of shipment of products complying with the RoHS Directive.	ISO 14001 certification of Environmental Management System including sales offices in its scope.
2006	Eizo Eco Products 2006 standards adopted. J-Moss compliance efforts begin. Start of compliance with WEEE Directive (display of recycling logo and completion of provision to recycling contractors of data on hazardous substances).	Eizo Galleria locations added to scope of operations included in ISO 14001 certification.
2007	Start of compliance with "China RoHS" (Management Methods for Controlling Pollution by Electronic Information Products).	Substantial increase in energy consumption as R&D building is completed and brought into use.



About the Cover

The three primary colors of light (red, green, and blue) express the preeminence of Eizo Nanao Corporation in the imaging field and convey the image of our brand. We have worked continuously to bring new value to society through these three colors that represent our brand.

In addition to representing our brand, the cover design also expresses our commitment to CSR management, balancing the economy, society, and the environment, as we strive to achieve a sustainable society in the future.