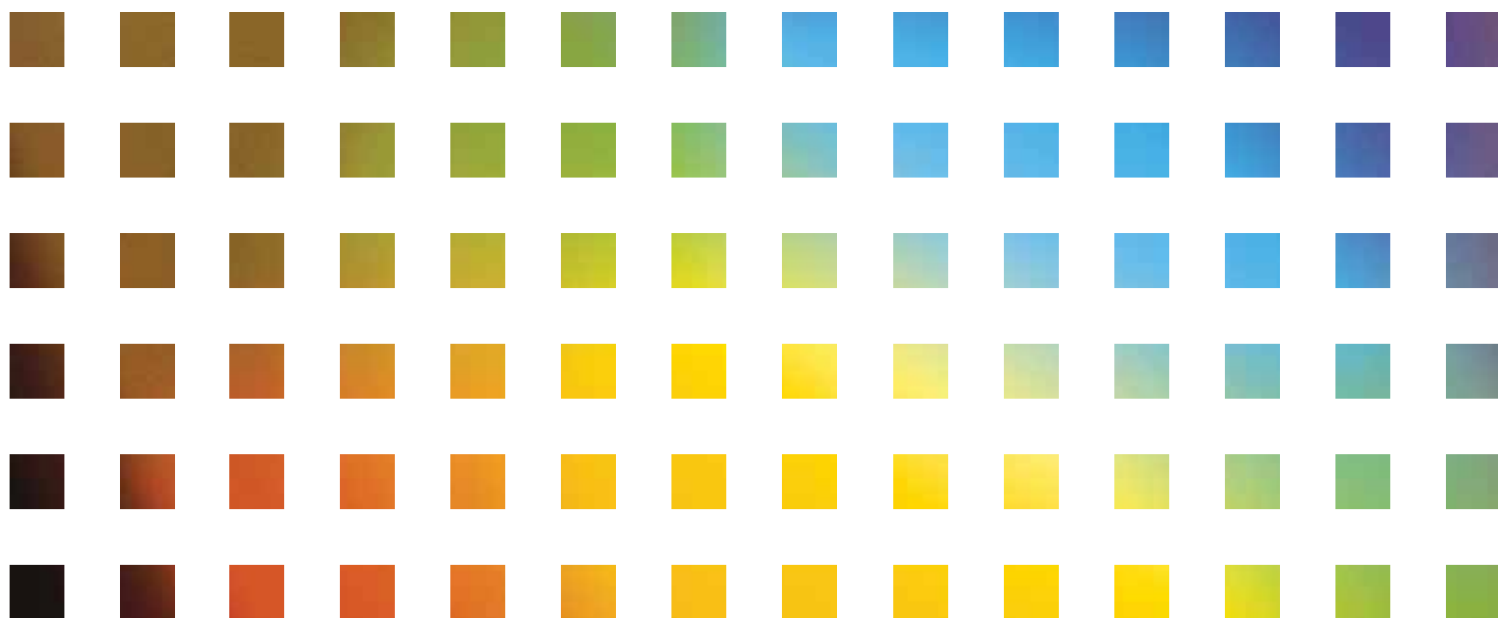


Social and Environmental Report 2008

April 2007 – March 2008



SOCIAL & ENVIRONMENTAL REPORT 2008

EIZO NANAŌ CORPORATION

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About the Social and Environmental Report 2008

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, 2007 – March 31, 2008

Production guidelines Based on the Ministry of the Environment's Environmental Report Guideline (2007 edition) and on the National Environmental Performance Track program of the U.S. Environmental Protection Agency.

Issue date July 2008

Issue date of next report July 2009

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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: 733 (as of March 31, 2008)
Sales: ¥82.5 billion (as of March 31, 2008)
Corporate Group Employees: 1,389 (as of March 31, 2008)
Consolidated Group Sales: ¥89.3 billion (as of March 31, 2008)
Business Activities: Development, design, manufacturing, and sale of display monitors and peripherals, amusement products, and imaging system software

[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, Tokyo)
Eizo Support Nagoya (Nagoya)
Eizo Support Hokuriku (Nanao, Ishikawa)
Eizo Support Osaka (Amagasaki, Hyogo)
Eizo Support Fukuoka (Fukuoka)

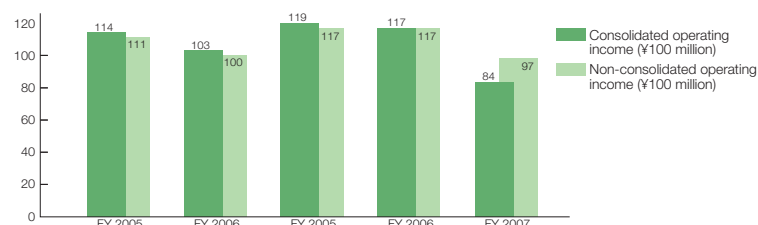
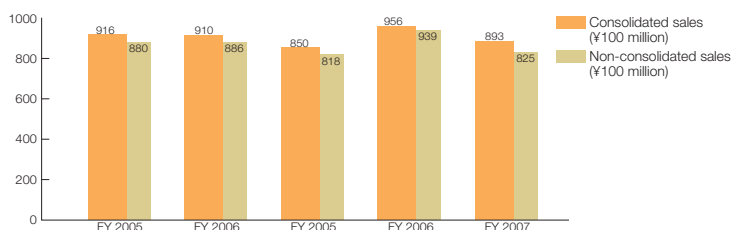
[Affiliated Companies]

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)

[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)

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



We will continue to offer environmentally friendly products, while enhancing our corporate value by fulfilling our social responsibility.

July 2008



Yoshitaka Jitsumori
President, Eizo Nanao Corporation



In the Eizo Nanao Corporate Philosophy we state that our company “pushes the limits of technology to create and offer a new set of values, while aiming to be a globally responsible corporation sustaining a sound and prosperous business.”

This obsession with pushing the limits of technology and creating new value could be described as our corporate DNA. We are absolutely committed to delivering customer satisfaction by developing products of the highest quality and reliability. This commitment has remained constant since the company's founding, and it has enabled us to achieve our present position as one of the most respected brands in the computer monitor field.

We are also a pioneer in the area of environmental responsibility. Based on an awareness that our products have a significant impact on the environment and our pledge to consider respect for the environment to be part and parcel of product quality, we have continued to lead the industry in our efforts to reduce the environmental impact of our products. For example, we work closely with our suppliers to ensure that the components used in our products are as environmentally friendly as possible. We are also in the vanguard in the rapid collection and compilation of data in response to calls for strict environmental accountability. We will continue to work to improve environmentally friendly business practices in the years ahead and to fulfill our responsibilities as a globally responsible corporation.

We are aware of the fact that in addition to developing products with the customer's viewpoint in mind and consideration for the environment, maintaining corporate ethics plays a key role in sustaining a sound and prosperous business. Accordingly, we have put in place a system to ensure proper corporate governance.

Nowadays awareness of corporate social responsibility is on the rise. We are constantly aware of our responsibility to society to create corporate value. We believe that, by contributing to the community in a variety of ways and striving to live in harmony with our neighbors, we can enhance our corporate value for society as a whole.

Eizo Nanao Corporation will continue to create products that are beneficial to the environment, to society, and to consumers. We will carry on with our efforts at harmonious coexistence with the environment and society as we aim to advance further as a company. I very much look forward to hearing the views and suggestions of our customers and business partners regarding these efforts.

We want to expand the possibilities of imaging through 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 photography and graphic and other design. As we enter the digital age in earnest, 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 from the competition 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.

Our Fields of Business

For Business Applications

Professionals such as 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. 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 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. Our multifaceted support for the healthcare field also extends to multipurpose LCD monitors for bedside use.



For Graphical Applications

Professionals working in the graphics field, including designers, photographers, and computer graphics creators, demand extremely accurate color reproduction. EIZO has an established reputation for excellent color reproduction and enjoys strong support from "color professionals." Today our LCD monitors support professionals with their graphical applications that provide consistently outstanding color reproduction, display stability, and compatibility with high-precision calibration.



For Household Applications

Uses for computer monitors in the home have expanded to include watching TV, playing games, and editing digital photos and videos. 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.



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For Air Traffic Control Applications

Monitors for air traffic control applications must accurately show a huge amount of information, including the positions and operating status of multiple airliners as well as map, weather, and topographic data. EIZO supplies the air traffic control market with monitors that are relied on for their stable and precise display performance and high-definition graphics boards.



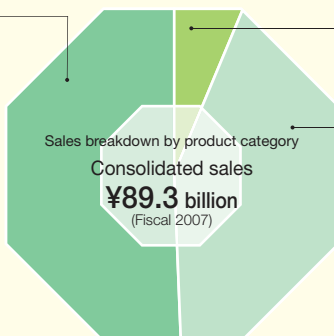
Creating Direct Points of Contact with Customers and the Community

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. 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, our showrooms and online shopping site help us maintain direct contact with individual consumers.



Sales Breakdown by Product Category

Computer monitors 51.0%
Monitors for general applications
Monitors for medical applications
Monitors for graphics applications



Other 6.0%
LCD TVs, etc.

Monitors for amusement applications 43.0%



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

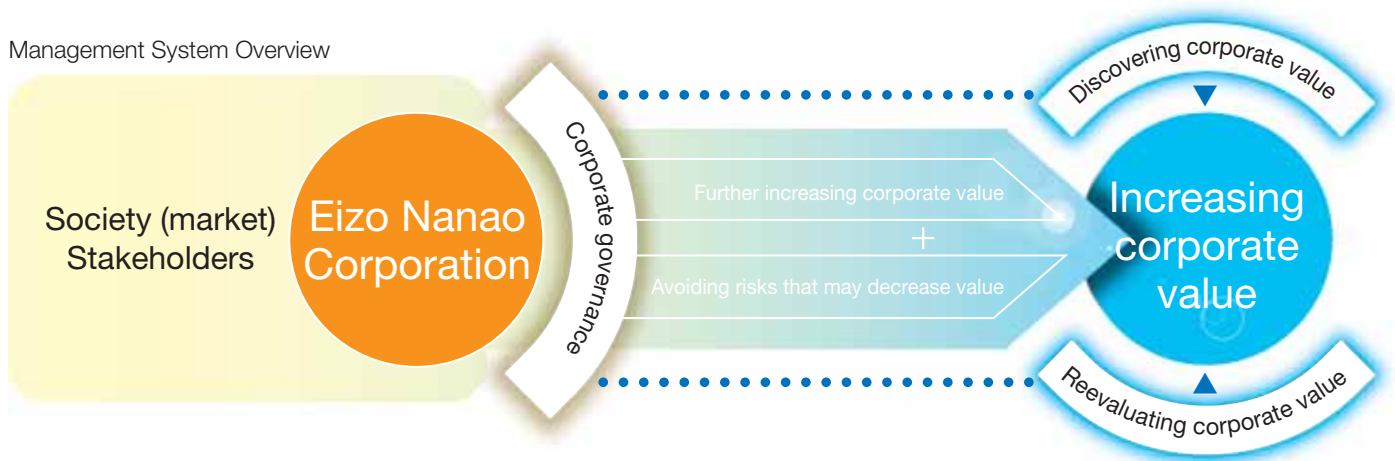
1. We will supply superior products and services by focusing on quality and following scientific operation procedures.
2. We will act as an international corporation with a global outlook and mindset.
3. We will aim to grow in a harmonious manner by building strong bonds of trust with our stakeholders (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

The CSR program at Eizo Nanao Corporation represents our efforts as a company focused on the creative development of products that will make a social contribution. We place particular emphasis on increasing the environmental friendliness of our products through our Environmental Management System. The basic thinking behind these efforts is a

commitment to maintaining a good relationship with our stakeholders (shareholders, customers, suppliers, employees, and communities), who are vital when considering social value, and to promoting trustworthy management practices by strengthening our internal control, such as our compliance and risk management systems.

Management System Overview



Corporate Governance

We aim to be a company that consistently produces appropriate results with the support of our stakeholders. For this reason we consider the enhancement of corporate governance to be an important management theme.

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. A single outside director serves on the board 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 put on the agenda of the management conference.

Board of Corporate Auditors:

To strengthen the company's management oversight functions, three of the four members of the board (one full-time and three part-time) are outside corporate auditors. Corporate auditors attend key meetings of the Board of Directors. The full-time corporate auditor reviews and discusses with

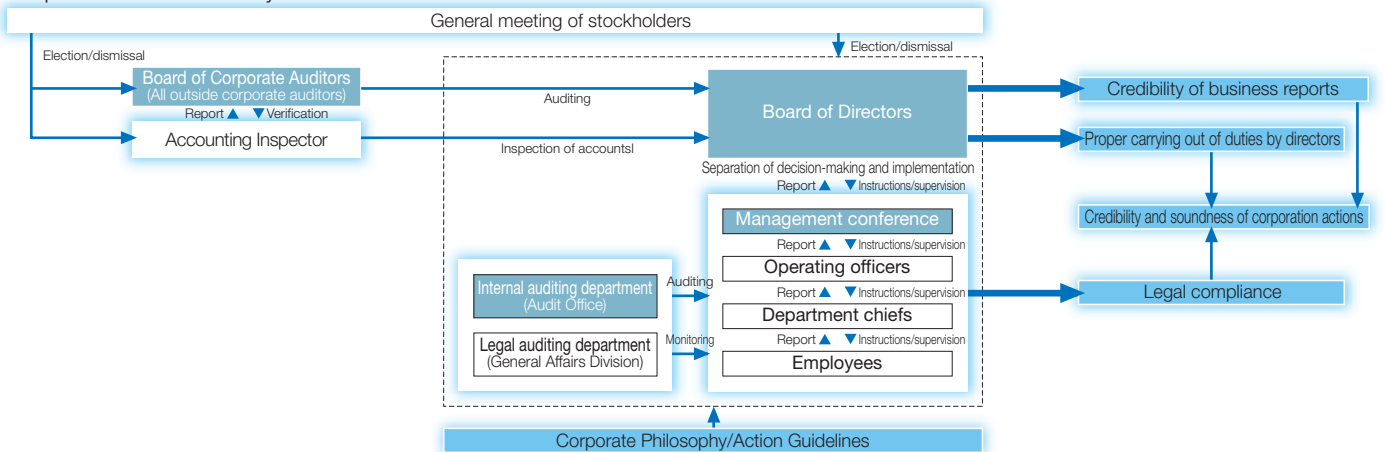
directors important documents such as draft proposals and contracts. He also collaborates with the Audit Office, the company's internal auditing department, on the checking of internal regulation functions. Another role of the full-time corporate auditor is attending internal audits. The Audit Office 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. All findings of these internal audits are reported to the president.

For each internal audit, auditors are appointed by the General Manager of the Audit Office as necessary. In fiscal 2007 a quality and environmental management audit was carried out by a team of 16 persons, an information management audit by a team of 16, and an internal control audit of overseas subsidiaries by a team of 2.

Corporate Governance System



Compliance

Enhancing the Compliance System

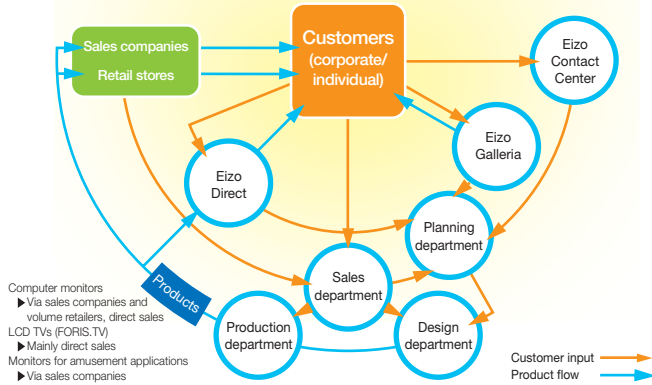
To maintain a high degree of social responsibility, including ethical responsibility, we have adopted an Eizo Nanao Group Code of Conduct and disseminated its contents throughout our organization. In addition, a Compliance Committee is tasked with enhancing the compliance system. As part of these efforts to boost compliance, an internal notification scheme is in place to ensure early detection of illegal activity and to prevent misconduct by officers or employees.

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 (For customers in Japan)

Feedback system for all types of customer input



EIZO Galleria

In addition to being places where we display and sell our products, our EIZO Galleria locations enable us to talk with customers directly and help them to understand 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. ColorEdge Seminars

We hold presentations on using our ColorEdge graphics monitors for color matching aimed at photographers. These presentations explain how to use software such as Adobe® Photoshop® to display, print, and do color matching on photos captured using a digital SLR camera. They also cover the superior performance of the ColorEdge and introduce our color matching solutions.

2. FlexScan Seminars

These seminars cover methods to ensure monitors display information correctly and provide hints on selecting a monitor.

3. Galleria Events

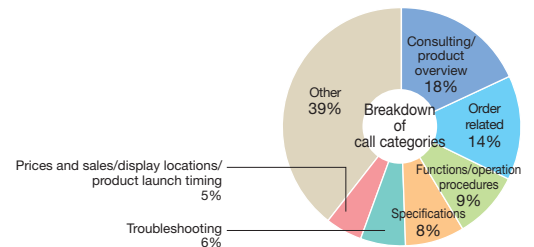
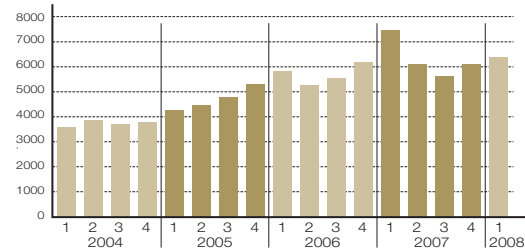
We organize regular events aimed at encouraging communication through interaction with large numbers of visitors, ranging from family groups to computer experts. Information on new products and upcoming sales campaigns is distributed to customers by direct mail in an effort to have a great number of people visit us as frequently as possible.

EIZO Contact Center

The EIZO Contact Center provides a convenient way for customers to communicate with the company. It is staffed by nine "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.

Number of calls



Relations with Suppliers

Basic Stance on Procurement

We deal with suppliers 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 essential 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 capable of contributing to the value of our products. We select suppliers who 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 and on ensuring that their operations are environmentally friendly. 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 Employees

Dealing with Occupational Hazards

We are investing significant management resources in the development, design, and production of new products. To continue to develop, design, and manufacture products of high added value, we believe it is necessary to maintain workplace safety and ensure the health of our employees. We consider this to be an important part of corporate risk management.

Our efforts to prevent workplace accidents through risk assessment began four years ago and include 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* (sorting), *seiton* (straightening), *seiso* (sweeping and cleaning), *seiketsu* (spic and span), and *shitsuke* (sustaining)). Our health-related policies aim to sustain the psychological and physical well-being of our employees. Industrial physicians conduct individual interviews and examinations as part of a wide-ranging program to prevent lifestyle and other diseases.

Thanks in no small part to these efforts, no accidents attributable to workplace hazards, traffic hazards, or overwork have occurred at our facilities during the past decade, including fiscal 2007.

We plan to continue efforts to prevent workplace accidents before they occur, working to identify and eliminate or reduce risk factors through regular risk assessments and safety audits of new equipment, carrying out ongoing safety education, and making risk factors visible by applying labels and the like. We are also trying to eliminate untreated ailments and ensure the psychological and physical well-being of our employees by carrying out health assessments, and for the prevalence among those at risk of developing chronic physical conditions or illnesses, we arrange for more thorough testing as well as reexamination following self care.

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. There are also company sports and leisure clubs that provide employees with a chance to refresh and invigorate themselves, both mentally and physically.

◎Achieving a Balance between Work and Family

Eizo Nanao Corporation provides childcare support, encouraging employees to take the full maternity leave to which they are entitled and providing a system of reduced hours following their return to work. We also have introduced a flexible work time system according to type of job as well as specified days when all employees are prohibited from working overtime, all with the aim of helping to maintain an appropriate balance between work responsibilities and private time.

◎In-House Consultation System

As part of our efforts to promote psychological well-being in the workplace, in-house company counselors are available to employees who wish to discuss issues of concern. 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.

1 Basic Policy on Safety and Health

(Safety and Health Management Regulations)

The basic policy on the safety and health of Eizo Nanao Corporation aims to create a healthy and safe working environment for all employees. This is achieved through management of risk factors related to safety and health. Specifically, we make a constant effort to identify unacceptable risk factors in the workplace and neutralize them, with the ultimate goal of eliminating workplace accidents.

2 Medium-Term Plan (Fiscal 2007 to 2009)

We will undertake an overall reevaluation of our initiatives related to safety and health in response to changes in the business climate.

3 Fiscal 2008 Slogans

Together we can create a safe and pleasant workplace!
Together we can maintain our physical and mental health!

4 Fiscal 2008 Targets/Key Action Points and Fiscal 2007 Performance

| Management area | Targets/key action points | Fiscal 2007 performance |
|-------------------|--|---|
| Safety management | Reduction of unacceptable risks Key point: Boosting consciousness of potential dangers | Two of nine cases rated risk level V or IV were reduced to risk level III or below. Evaluation: Good |
| Health management | Elimination of untreated ailments Key point: Enhanced mental health measures and timely individual intervention | There was a tendency for participants to turn in their follow-up reports late. Evaluation: Fair |
| Traffic safety | Adherence to rules and courtesy toward others Key point: Encouraging safe driving through "latitude" and "consideration for others" | Our seatbelt inspections showed a compliance rate of up to 98.6%. Evaluation: Fair |



Environmental Policy

Environmental Policy

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

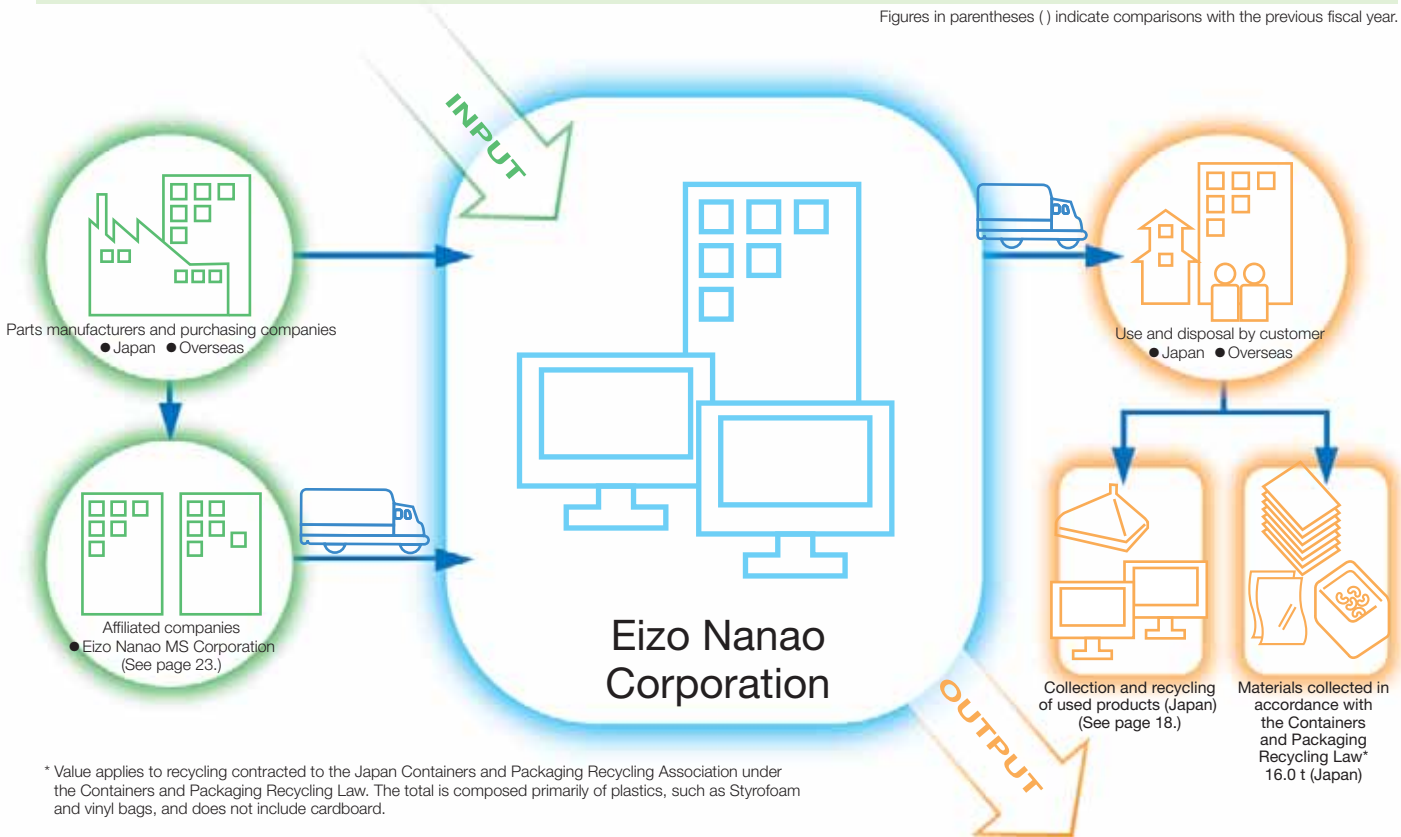
In our product development work we therefore consider friendliness to the environment to be part and parcel of product quality. We endeavor to supply our customers worldwide with products developed to common specifications that meet or exceed the environmental requirements of individual countries as 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.

Overall Environmental Impact of Business Activities (Fiscal 2007)

| | |
|---|--|
| Energy Usage 64,667 GJ (+17.9%) | |
| [Energy Usage Breakdown] | |
| ▶ Electrical power..... 5.84 million kWh (+18.0%) | Air conditioning and other equipment |
| ▶ Fuel oil A..... 1 kL (-97.0%) | Air conditioning |
| ▶ Kerosene 41.1 kL (-5.9%) | Air conditioning |
| ▶ Gasoline and diesel..... 6.8 kL (-9.7%) | Company vehicles |
| ▶ LPG..... 65.0 t (+162.9%) | Air conditioning |
| Materials Usage | |
| [Paper Usage] | |
| ▶ Copier paper 7.7 t (-11.4%) | Recycled 100% |
| ▶ Printer paper..... 0.2 t (+13.7%) | Recycled 57% |
| ▶ Toilet paper..... 3.9 t (-3.5%) | Recycled 100% |
| [Usage Status] | |
| ▶ Parts, semiconductor devices, products, goods 4,005 t (+6.5%) | |
| ▶ Product packaging 944 t (-0.2%) | Plastic bags, cushioning materials (Styrofoam, cardboard), and packing boxes (cardboard) used to package products |
| | Distribution packaging 5.44 t (+29.5%) |
| | Plastic wrapping sheets used to prevent load collapse when transporting semiconductor devices or products on pallets |
| [Other] | |
| ▶ Normal hexane 0.049 t (-33%) | |
| ▶ Amanol..... 0.048 t (-24%) | |
| ▶ IPA..... 0.012 t (+100%) | |
| Water Usage (groundwater) 51,000 m ³ (+15.1%) | |

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



* 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.

| | |
|--|--|
| Emissions of Greenhouse Gasses 3,032 t-CO ₂ (+37.5%) | |
| [Emissions of 6 Substances Stipulated by Kyoto Protocol (t-CO ₂)] | |
| ▶ Carbon dioxide (CO ₂)..... 3,031 t (+37.5%) | |
| ▶ Methane (CH ₄)..... 0.001 t (-7.7%) | |
| ▶ Dinitrogen oxide (N ₂ O) 0.003 t (-14.3%) | |
| Note: Does not apply to HFCs, PHCs, or SF ₆ . | |
| Emissions and Movement of Chemicals | |
| ▶ No emissions or movement of chemicals covered by PRTR. | |
| Total Product Production | |
| ▶ Production quantity LCD monitors..... 415,000 units | |
| ▶ Other imaging products 9,000 units | |
| ▶ Peripheral devices 8,000 units | |
| ■ Total..... 432,000 units | |
| ▶ Percentage of LCD monitor products certified to bear environmental labels 92 % | |
| ▶ Volume of packaging materials 944 t | |
| Total Waste Output/Final Waste Disposal Volume | |
| [Waste Processing Breakdown] | |
| ▶ Reused..... 445.7 t (+4.3%) | |
| ▶ Heat recovery..... 112.4 t (+4.2%) | |
| ▶ Simple incineration..... 1.3 t (+8.9%) | |
| ▶ Final disposal..... 5.9 t (+25.7%) | |
| [Waste Type Breakdown] | |
| ▶ Industrial waste products..... 212.5 t (+11.2%) | |
| ▶ Waste products with commercial value..... 20.9 t (-6.9%) | |
| ▶ General waste products..... 45.5 t (+52.1%) | |
| ▶ Wastepaper..... 272.4 t (-15.6%) | |
| Wastewater 51,000 m ³ (+15.1%) | |

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

Fiscal 2007 Environmental Objectives and Targets/Performance Report

Of the ten corporate initiatives and six product-related initiatives promoted during fiscal 2007, seven corporate initiatives reached their targets, two did not reach their targets but nevertheless achieved a result of 70% or better, and one failed to reach 70%. Three product-related initiatives reached their targets, one did not reach its target but nevertheless achieved results of 70% or better, and two failed to reach 70%.

| | Fiscal 2007 target | Fiscal 2007 performance and future measures | Self-evaluation (Related page) |
|----------------------------------|---|--|--------------------------------|
| Corporate initiatives | Reduction of industrial waste | 17% reduction in total volume of industrial waste from fiscal 1996 Achieved 4% reduction (40.6% increase from previous year) Countermeasures: • Reduction in volume of industrial waste produced by departments • Reduction in plastic waste • Increase in processing of refuse as waste having commercial value | ✗ [Page 17] |
| | | Achievement of 95% recycling of industrial waste Achieved 97% recycling Countermeasures: • Survey of recycling methods | ○ [Page 17] |
| | | Promotion of collection of used products Corporate: 370 units per year, household: 2,800 units per year Corporate: 273 units per year, household: 2,622 units per year Countermeasures: • Promotion of collection of used products • Disclosure of collection system for used products | △ [Page 18] |
| | Prevention of global warming | Limit consumption of electricity up to 6.8 million kWh Consumed 5.83 million kWh (18% increase from previous year) Countermeasures: • Maintain appropriate indoor temperature • Monitor electricity consumption in a timely manner | ○ [Page 16] |
| | | Limit consumption of kerosene up to 130% of fiscal 2001 22.8% increase from fiscal 2001 Countermeasures: • Maintain appropriate indoor temperature | ○ [Page 16] |
| | | Limit LPG usage volume up to 170 t Annual usage volume was 65 t Countermeasures: • Maintain appropriate indoor temperature • Monitor electricity consumption in a timely manner | ○ [Page 16] |
| | | Limit output of carbon dioxide up to 142% of fiscal 1996 32.2% increase from fiscal 1996 Countermeasures: • Maintain appropriate indoor temperature | ○ [Page 16] |
| | Resource conservation | 50% reduction in use of copier paper from fiscal 1996 Achieved 36.2% reduction from fiscal 1996 Countermeasures: • Encourage distribution of documents in electronic form | △ [Page 16] |
| | Green purchasing | ① Expansion of green purchasing product list ② Step-by-step promotion of green procurement ① Expanded green purchasing product list and achieved green purchasing ratio of 85.0% in office supplies Countermeasures: • Continue promoting green purchasing and continue increase in green purchasing ratio ② Promote green procurement (parts and materials) Countermeasures: • Encourage suppliers to engage in environmental promotion activities | ○ [Page 21] |
| | Management of hazardous substances | Implementation of new management system for chemicals (including MSDS management, risk management, and CFC management) Reexamination and thorough implementation of usage methods for organic solvents Thorough management of waste materials containing strong acids Countermeasures: • Implementation of management system for chemicals (including MSDS management and risk management) | ○ |
| Product-related initiative items | Compliance with European standards | Implementation of LCA (in preparation for compliance with EuP Directive) Implement LCA for at least one product model EcoLeaf (Type III environmental labeling under JEMAI LCA method) obtained for S1701-ST in October 2007 Countermeasures: • Construction of processes enabling implementation of LCA | ○ [Page 21] |
| | Reduction of volume of hazardous substances | Expansion of use of biodegradable plastics (derived from vegetable materials) Expansion of scope of use to parts other than user manual bags Bag materials resistant to vibration tests found as one of our technical themes, but adoption forgone due to high cost (2 to 3 times current materials) Countermeasures: • Discussions with parts manufacturers to encourage discovery and evaluation of promising new materials | △ |
| | Resource conservation | Making products more lightweight and compact Evaluation standards adopted Making packaging more lightweight is being studied along with a reassessment of evaluation standards Countermeasures: • Continuing study along with reassessment evaluation standards | ✗ |
| | Energy conservation | Conformance with "energy conservation" item in environmental compliance standards ① RadiForce conforms with "energy conservation" item ② FORIS.TV conforms with green purchasing guidelines ① GS520 power consumption of 0.9 W at standby mode/1.2 W at power-save mode ② Two models of FORIS.HD (QA029, QA030) achieved energy conservation ratio of 121% or better Countermeasures: • Continuation of energy conservation efforts and setting of new targets | ○ |
| | Environmental labeling | Creation of Eizo Eco Products 2008 guidelines EEP2008 guidelines established and name changed to EEP2009 for external disclosure Countermeasures: • Completed | ○ [Page 19] |
| | Management of chemical substances in products | ① Achievement of compliance with JGPSSI Chemical Substances Survey Guidelines Ver. 3.0 ② Achievement of compliance with JGPSSI Guidelines for the Management of Chemical Substances in Products ① Not implemented; surveys continuing under present system while considering incorporation of REACH Regulation compliance, which will greatly affect management of chemical substances ② Not implemented Countermeasures: • Preparations for incorporation into operations under company's new business system | ✗ [Page 21] |

Evaluation standard ○: Achieved △: Achievement ratio of more than 70% but less than 100% ✗: Achievement ratio of less than 70%

Fiscal 2008 Companywide Environmental Targets

In response to demands related to environmental standards for our increasingly diverse range of products, the framework used until fiscal 2007 of corporate initiatives and product-related initiative items has been eliminated. In its place we have adopted unified companywide environmental targets and shifted the focus of these targets from energy, resources, and waste products to environmentally friendly product design. We will continue to pursue the Fiscal 2008 Companywide Environmental Targets in the coming fiscal years as part of long-term targets.

| Environmental theme | Issue | Environmental objective | In-house environmental target |
|---|--|--|--|
| Efforts to prevent global warming | CO ₂ reduction | Tracking CO ₂ volume | ▶ Implementation of LCA-based product assessment |
| | | Environmentally friendly product design | ▶ Reducing product energy consumption |
| | | | ▶ Reducing product CO ₂ emissions |
| | | Increased transport efficiency | ▶ Measures to increase the loading ratio |
| | | | ▶ More compact and lightweight designs |
| | | Reduced power consumption | ▶ Reducing consumption of electricity (up to 5.6 million kWh/year) |
| Reduced fuel consumption | ▶ Reducing consumption of LPG (up to 110 t/year) | | |
| | ▶ Reducing consumption of kerosene (to 42 kL/year) | | |
| Green procurement | ▶ Green purchasing of office supplies | | |
| Creating a sustainable society | Three R's (reduce, reuse, recycle) | Reduce | ▶ Reducing industrial waste (up to 210 t overall) |
| | | | ▶ Reducing consumption of paper (up to 6 t for purchases of copier paper) |
| | | Reuse | ▶ Efficient resource utilization (promoting reuse of office supplies) |
| Recycle | ▶ Using recycled plastic in products | | |
| | ▶ Reducing environmental impact through recycling (easily disassembled design) | | |
| | ▶ Promoting recycling | | |
| Environmental issues | Management of chemicals | Reducing consumption of chemicals | ▶ Management and limitation of emissions and movement of toxic substances |
| | | Green procurement (management of chemicals used in products) | ▶ Compliance with JGPSSI Chemical Substances Survey Guidelines Ver. 3.0 ▶ Compliance with JGPSSI Guidelines for the Management of Chemical Substances in Products |
| Environmental communication | Maintaining communication | Corporate activity report | ▶ Disclosure of product environmental information |
| | | | ▶ Issuing of corporate Environmental Report |
| | | Survey of market trends | ▶ Survey of environmental technology |
| Environmental compliance | Compliance with environmental laws and standards | Standards compliance | ▶ Support for REACH Regulation |
| | | | ▶ Support for TCO standard |
| | | | ▶ Support for EuP Directive |
| ▶ Support for Law Concerning the Rational Use of Energy | | | |
| Eizo environmental labeling | ▶ Support for Eizo Eco Products | | |

Environmental Accounting

Environmental Preservation Costs

(Unit: ¥1,000)

| Category | Main initiatives | Investment | | | Investment | | | |
|------------------------------------|--|---|---------------|---------------|----------------|---------------|----------------|--------|
| | | Fiscal 2007 | Fiscal 2006 | Fiscal 2005 | Fiscal 2007 | Fiscal 2006 | Fiscal 2005 | |
| 1. Business-area costs | | 0 | 0 | 0 | 293,495 | 33,178 | 35,208 | |
| Breakdown | 1-1 Pollution prevention costs | Soot measurement and combined tank management costs | 0 | 0 | 0 | 569 | 2,930 | 1,539 |
| | 1-2 Global environmental preservation costs | Upgrading of climate control systems and lighting fixtures, overhauling and inspection of KHP air conditioner outdoor units, sewerage operations beneficiary defrayment | 0 | 0 | 0 | 251,142 | 12,640 | 18,205 |
| | 1-3 Resource recycling costs | Cost of recycling, processing, and disposing of waste products | 0 | 0 | 0 | 41,784 | 20,538 | 17,003 |
| 2. Up- and downstream costs | Product recovery and recycling, costs of recycling packaging | 0 | 0 | 0 | 12,963 | 11,580 | 9,764 | |
| 3. Management activity costs | Costs of environmental impact and monitoring, Environmental Report production, ISO 14001 auditing, landscaping of grounds, employee education | 0 | 0 | 0 | 24,953 | 13,101 | 13,934 | |
| 4. R&D costs | Environmentally aware design, green procurement support system, green procurement LCA related costs, TCO certification, measurement of volatile organic compounds (VOCs) | 30,074 | 21,642 | 15,936 | 6,485 | 7,073 | 42,612 | |
| 5. Community outreach costs | Contributions to environmental groups | 0 | 0 | 0 | 3,381 | 3,313 | 5,418 | |
| 6. Environmental restoration costs | Costs of restoring the natural environment | 0 | 0 | 0 | 0 | 178 | 0 | |
| Total | | 30,074 | 21,642 | 15,936 | 341,277 | 71,353 | 108,475 | |

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. | 564 |
| Cost reduction | Reduction in energy costs achieved through better energy efficiency | — |
| | Reduction in waste processing costs achieved through better resource efficiency and recycling | 0 |
| Total | | 564 |

In fiscal 2007, investment costs associated with environmental preservation totaled ¥30.07 million, an increase of 39% from the previous year. Environmental preservation expenses came to ¥341.27 million, an increase of 378.3% from the year before. The economic effects of our environmental preservation efforts totaled ¥0.56 million. The largest share of total investment was research and development costs, including expenses associated with compliance with environmental standards and the green procurement support system. The largest share of expenses was for business-area costs for upgrading the climate control systems of the plant buildings.

Scope of accounting: Eizo Nanao Corporation
(as covered by Social and Environmental Report)

Period covered: April 1, 2007 – March 31, 2008

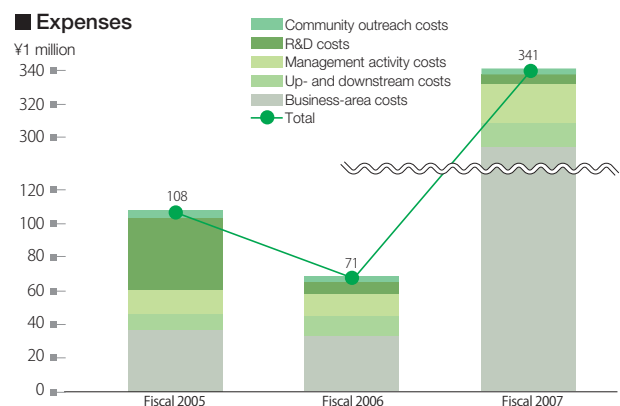
Investment: Amount applied for the current term under the depreciation scheme used for financial accounting

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

Depreciation costs: Included in cost of goods acquired in fiscal 2005, 2006, and 2007 according to the depreciation scheme used for financial accounting for fiscal 2007

The Environmental Accounting Guidebook 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).



Environmental Management System

Operation of Environmental Management System

After establishing an environmental management system under our Environmental Policy, we obtained ISO 14001 certification in July 1998, and the management system has been updated three times since then. In the past it operated through the cooperation of two organizations, one of which worked to improve the environmental performance of our corporate operations and the other concentrated on enhancing the environmental compliance of our products. In April 2008 these two organizations were merged in order to focus on making our products more environmentally friendly, since our in-house systems to deal with waste and reduce resource and energy consumption are now well advanced. Now our environmental management system concentrates on product-centered environmental initiatives. The environmental management system of Eizo Nanao Corporation operates at our five business locations and two Eizo Galleria locations in Japan.

Environmental Auditing

During fiscal 2007, the internal auditing system verified that the company's environmental preservation efforts continue to be carried out appropriately under the environmental management system. 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 2009 version of our in-house Eizo Eco Products standards is being actively promoted. In addition, preparations have begun to ensure compliance with the EU EuP Directive, as is now required. In our corporate activities, new buildings have been completed and there is a trend toward increased energy consumption (particularly electric power). Fiscal 2008 marks the first year of Japan's commitment under the Kyoto Protocol, and we at Eizo Nanao Corporation plan to redouble our efforts to conserve energy and to help prevent global warming.

An external audit conducted in fiscal 2007 found that efforts related to "reducing waste paper, proper processing of waste products, and energy conservation" were well-established within the company. Though these efforts will continue, the auditors suggested a shift of focus in future toward identifying environmental aspects that are closely linked to our business operations. In response, we have begun a reassessment of our environmental management system for fiscal 2008 and beyond.



Audit

Environmental Risk Management

■ Facility Management

Some of our facilities are covered by the Air Pollution Control Law. As a fundamental policy, they establish their own management standards, regardless of whether or not their operations are on a scale that makes them subject to legal requirements. (Detailed measurement data can be viewed on the Eizo Nanao Corporation web site.) As in previous years, none of our facilities exceeded their management standards in fiscal 2007.

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. Starting in October 2007, an overhaul was undertaken of the climate control systems in our production plants. The new systems are powered by LPG, which produces less carbon dioxide and air pollution than fuel oil A.



Emergency response drill

■ 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 processing contractors we employ. We also take measures to assure that private information on customers is handled and protected properly because the collection of used products involves such information. In fiscal 2007, our inspections showed that processing was being carried out appropriately by all of the contractors.

Environmental Education

Environmental Education Initiatives in Fiscal 2007

In fiscal 2007, new and existing employees participated in educational programs, and training was provided for area environmental education instructors.

Since fiscal 2008 marks the first year of Japan's commitment under the Kyoto Protocol, our educational program for employees included a video presentation on efforts to prevent global warming. To further boost environmental consciousness, information on the themes of "food mileage" to cut CO₂ emissions and "LCA" at Eizo Nanao Corporation was presented on a web page hosted on the company intranet.

- ▶ New employees participating in education programs: 60
- ▶ Other employees participating in education programs: 1,026
- ▶ Area environmental education instructors participating in training: 20

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 intranet web site so that employees can check the laws and regulations that cover the tasks they are involved in.

In fiscal 2007, we were not in violation of any environmental laws or regulations, and there were 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.

Efforts to Prevent Global Warming

In fiscal 2007, our total energy input increased by 17.9% year on year.

Greenhouse Gas Emissions

| | CO ₂ emissions |
|-----------------------|---|
| Fiscal 2008 target | 2,700 t |
| Fiscal 2007 target | Limit increase up to 42% over fiscal 1996 |
| Fiscal 2007 results | 32.2% increase |
| Achieved/not achieved | Yes |
| Base year | Fiscal 1996 |

Of six types of greenhouse gases, the company produces carbon dioxide (CO₂), methane (CH₄), and dinitrogen oxide (N₂O), the output volume of which we track in carbon dioxide equivalency values. Note that the electricity conversion factor was updated in fiscal 2007 to match the figures publically announced by the power company. The new conversion factor is larger, so the increase in greenhouse gas emissions appears larger than the increase in energy usage.

Energy Usage

| | Electricity | Fuel oil A | Kerosene | LPG |
|-----------------------|--------------------------|-------------|---|-------------------|
| Fiscal 2008 target | Limit to 5.6 million kWh | — | Limit to 42 kL | Limit up to 110 t |
| Fiscal 2007 target | Limit to 6.8 million kWh | — | Limit increase up to 30% over fiscal 2001 | Limit up to 170 t |
| Fiscal 2007 results | 5.83 million kWh | 1,000 L | 22.8% increase | 65 t |
| Achieved/not achieved | Yes | — | Yes | Yes |
| Base year | Fiscal 1996 | Fiscal 1996 | Fiscal 2001 | Fiscal 2005 |

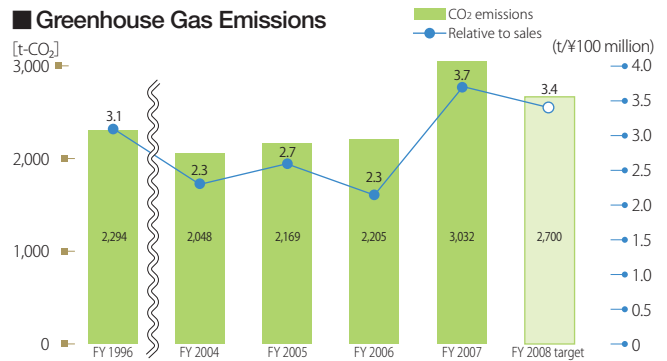
Note: LPG for headquarters climate control system

In fiscal 2007, there were worries of a large increase in energy consumption due to the opening of a new building for development and design work as well as the accompanying increase in personnel, but we were able to meet our targets through reductions in climate control energy use from upgrades to existing facilities and central monitoring. The new climate control systems are fueled by LPG, which produces less CO₂ than fuel oil A. This has increased consumption of LPG, but fuel oil A has been phased out entirely. We plan to continue to work toward the twin aims of a comfortable workplace environment and energy efficiency by controlling the temperature and humidity in individual rooms remotely via the central monitoring system.

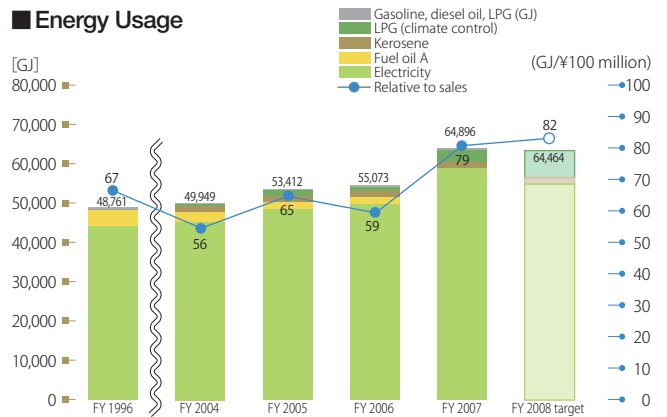
Examples of Efforts

- Remote control of climate control equipment via central monitoring system
- 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)

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

Resource Conservation

Paper Usage

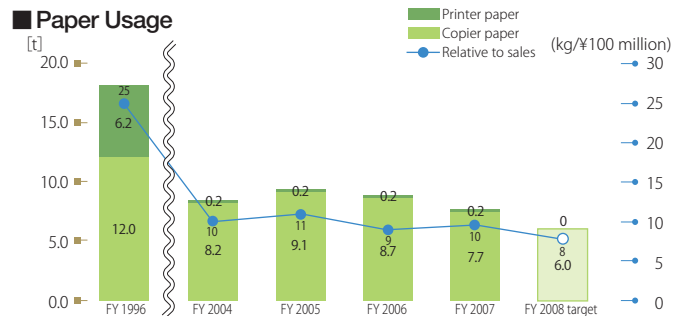
| | Copier paper | Printer paper |
|-----------------------|--------------------------------|-----------------|
| Fiscal 2008 target | Limit up to 6 t | — |
| Fiscal 2007 target | 50% reduction over fiscal 1996 | — |
| Fiscal 2007 results | 36.2% reduction | 96.2% reduction |
| Achieved/not achieved | No | — |
| Base year | Fiscal 1996 | Fiscal 1996 |

It was decided that in fiscal 2007, as in the previous year, the volume of copier paper purchased would be 50% less than the base year level. Purchases continued to decrease as a result of efforts to promote the use of electronic media and publicity aimed at reductions, but we again failed to reach our target. In fiscal 2008, we will continue advancing the use of electronic media in document management. The target for fiscal 2008 will be the same as that for fiscal 2007, but will now be based on volume. EDP paper has been removed from the list of environmental targets due to the small purchase volume.

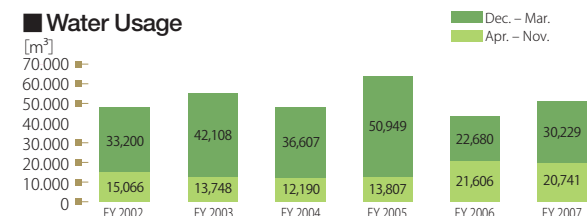
Water Usage

The company uses 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. The volume of water used can change dramatically due to weather conditions. We have therefore not set a target but will continue to track usage trends. The summer usage volume has been increasing and the winter usage volume decreasing for the past several years, perhaps as a result of global warming.

Paper Usage



Water Usage



Reducing Waste

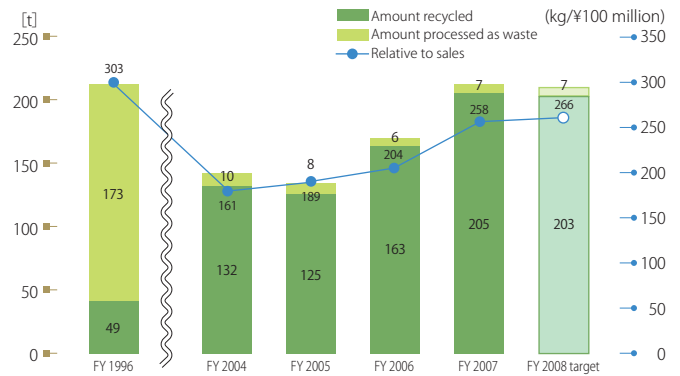
Industrial Waste

| | Industrial waste volume | Recycling rate |
|-----------------------|--------------------------------|----------------|
| Fiscal 2008 target | Reduction up to 210 t | 96% |
| Fiscal 2007 target | 17% reduction over fiscal 1996 | 95% |
| Fiscal 2007 results | 4% reduction | 97% |
| Achieved/not achieved | No | Yes |
| Base year | Fiscal 1996 | — |

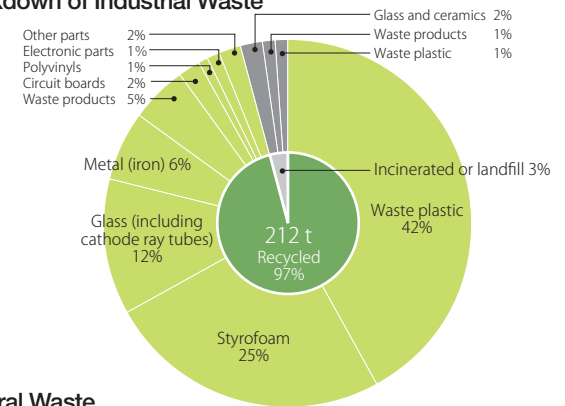
In fiscal 2007 the recycling rate was 97%, and we reached our target for that initiative. However, the total volume of waste increased substantially, preventing us from meeting that target. This is due to the upward trend in imports of large-format component parts as the screen size of our products increase. As a result, the volume of Styrofoam (up 35% from the previous year) and waste plastic (up 25% 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. In fiscal 2008 we will endeavor to reduce the volume of waste plastic and increase that of waste products with commercial value.

Note that as of April 2008 wood scraps (from wood pallets) are being treated as industrial waste rather than general waste, in response to changes in the law, and that this will result in a corresponding increase in the volume of industrial waste reported for fiscal 2008.

Industrial Waste



Breakdown of Industrial Waste



General Waste

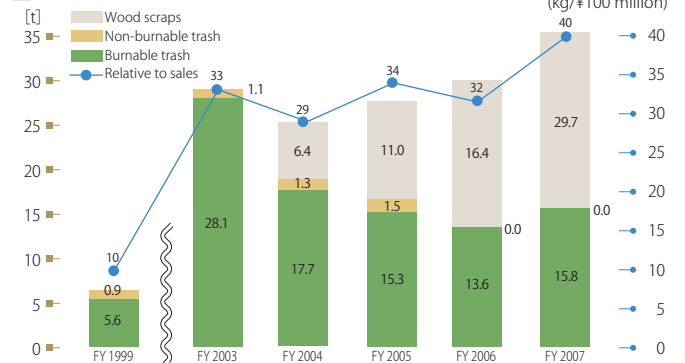
In fiscal 2007, output of burnable trash increased by 17% from the previous year while output of wood scraps rose 81% due to an increase in the amount of component parts imported. This resulted in an overall increase of 52%. Note that due to changes in the law wood scraps (from wood pallets) are being treated as industrial waste as of April 2008. This will result in a corresponding decrease in the volume of general waste reported for fiscal 2008.

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: The definitions of waste products were revised effective fiscal 2006, and as a result non-burnable trash that was previously treated as industrial waste is now included in the totals for general waste.

General Waste

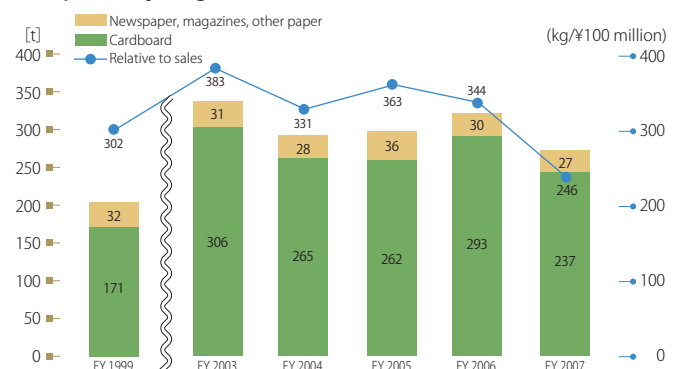


Paper Recycling

Waste cardboard, which constitutes about 90% of our recycled paper total, is used as a packing material for imported components and disposed of in-house. The volume of recycled waste cardboard decreased 16% from the previous year, one reason being a shift from cardboard to Styrofoam as the packing material for some of the parts and materials we import for use in our products.

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



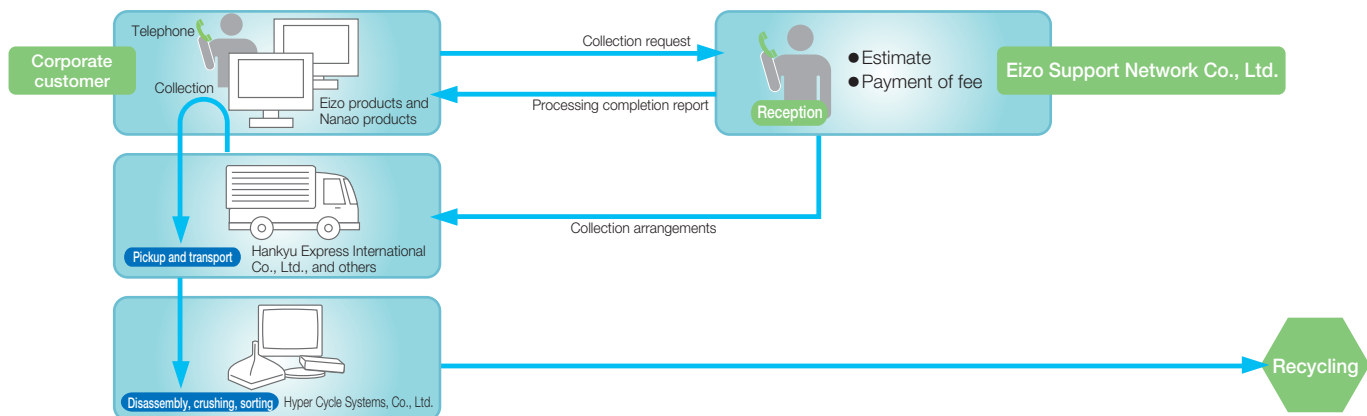
Collection and Recycling of Used Products (For customers in Japan)

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. In fiscal 2007, the number of products collected decreased 34% from the

previous year because there were fewer collection requests than usual from large-volume customers. We aim to promote collection and recycling to customers as part of our sales promotion activities in fiscal 2008.

| | Volume collected (t) | Quantity collected (units) | Volume recycled (t) | Recycling rate (%) |
|--------------|----------------------|----------------------------|---------------------|--------------------|
| CRT monitors | 8.0 | 244 | 5.36 | 67.0 |
| LCD monitors | 0.36 | 29 | 0.33 | 91.2 |



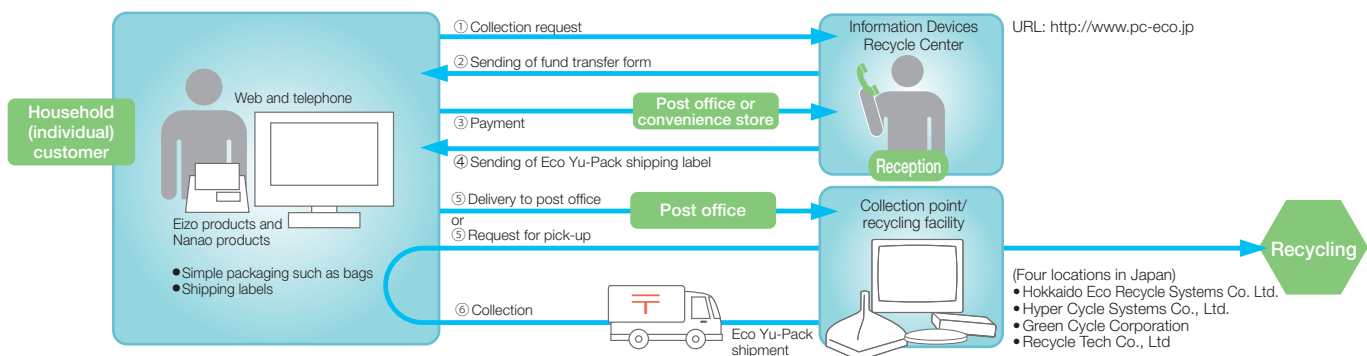
Collection and Recycling of Household Products

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.

The number of collection requests has been increasing year by year as the collection system has become established, but in fiscal 2007 there was a decrease (of approximately 3%) from the previous year. In fiscal 2008, we will promote collection and recycling to individual as well as corporate customers as part of our sales promotion activities.

We mail "PC recycling mark" stickers corresponding to previously purchased monitors to customers who request them. Monitors bearing these stickers can be disposed of without any additional cost to the customer.

| | Volume collected (t) | Quantity collected (units) | Volume recycled (t) | Recycling rate (%) |
|--------------|----------------------|----------------------------|---------------------|--------------------|
| CRT monitors | 58.2 | 2,332 | 39.2 | 67.4 |
| LCD monitors | 1.84 | 290 | 1.5 | 81.2 |



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.



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 20 and 21 for details of relevant standards and laws.

Environmental Labeling and ISO 14020



Eizo Nanao products carry a variety of environmental labels.



Eizo Eco Products 2006/2004



J-Moss (JIS C 0950)



Pb, Cr(VI)



Eizo Nanao products carry a variety of environmental labels.

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 EU 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

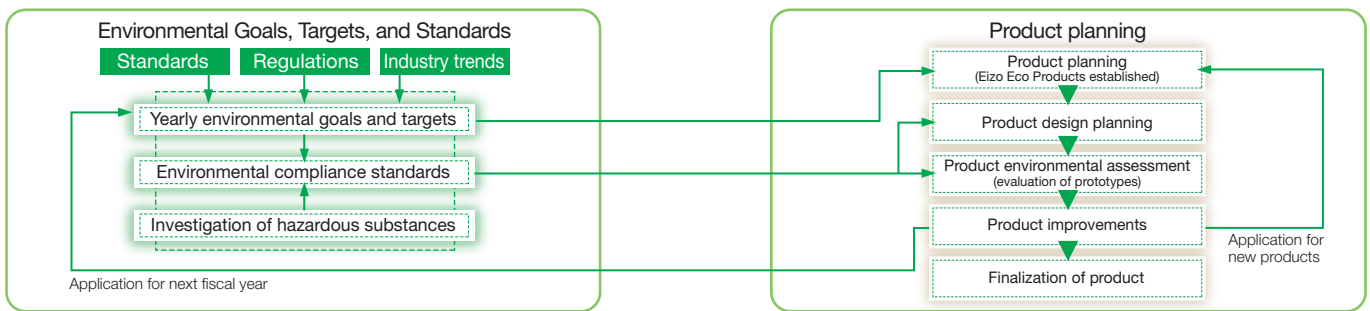
| No. | Item | 2006 | 2004 |
|-----|--|------|-------------------------------|
| ① | Power consumption less than one watt when turned off <small>Note: "When turned off" means when manually switched off by the user.</small> | ○ | ○ |
| ② | Power consumption less than two watts in power save mode <small>Note: "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.</small> | ○ | ○ |
| 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 | ○ | ○ <small>(Japan only)</small> |
| 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) | ○ | — |

Ensuring the Quality and Environmental Compliance of Our Products

Basic Product Development Sequence

In product development, we endeavor to enhance the environmental consciousness of our products, including compliance with domestic and international legal requirements and standards. Based on our 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 are linked to our system for drafting, implementing, and meeting companywide environmental targets for each fiscal year. A key theme is making products environmentally sound under the "Eizo Eco Products 200X" (200X refers to the year established) program, and this is also linked to output. In line with our corporate stance of constantly building environmental awareness, we revise the Environmental Compliance Standards each year to reflect changes in laws, regulations, and industry trends.



Compliance with Environmental Standards



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.

In addition to environmental items, this standard covers aspects including safety, electromagnetic radiation, and ergonomics, giving it a comprehensive character. 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). 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.)

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.



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.

Eizo Nanao Corporation participates in the setting of standards for the program 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 Energy Star Program was launched by the U.S. Environmental Protection Agency in 1993 to help reduce the power consumption of computers and peripheral devices. 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. We have also been involved in the adoption of policy on new standards, and virtually all our products have been registered.

The program's requirements are being made stricter in response to the current societal focus on reduction of CO₂ emissions and power consumption, and we plan to continue our active involvement in the years ahead.

Compliance with the EU EuP Directive and REACH Regulation

In Europe, a key market for our products, environmental awareness is quite advanced even by world standards. It is therefore important to keep a careful eye on trends in environmental regulations in the EU. Of these, the EuP Directive and REACH Regulation are the focus of much attention in the

electronics industry. The details of their requirements and implementation schedule remain unclear, but we are busy collecting information in preparation for their coming into force so that we can bring our products into compliance quickly.

Compliance with the EU WEEE and RoHS Directives

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 EU directives are of the greatest importance for companies selling electronic devices in Europe. Indeed, they 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 mark shown below for use in catalogs and the like.

A Chinese version of 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 for all applicable products, including display of the Controlling Pollution by Electronic Information Products mark.



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 instituted legally binding labeling requirements based on the J-Moss (JIS C 0950) standard in July 2006. 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 seven categories of products, including personal computers and television sets, be indicated by a Green Mark 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 seven 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 EU 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 awareness 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.

Relations with the Community and Society

Company Tours

We conduct tours of company facilities to broaden understanding among the public 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.

| Total tour participants: 26 groups (631 participants) | | |
|---|---------------------------------------|-----------|
| Breakdown | Schools/education related | 12 groups |
| | Environment/health and safely related | 1 group |
| | General (other) | 13 groups |

Relations with the Community

Our facilities are located in a rural setting, and we endeavor to maintain strong communication with the local community to ensure that any land development in the surrounding area will preserve the natural environment and not interfere with agricultural work.

Topics

Our entries win top prize at Hakusan Chiyo-jo Morning Glory Festival

The city of Hakusan, where our headquarters is located, holds a Chiyo-jo Morning Glory Festival each August in honor of the haiku poetess Chiyo-jo, who was born there. We submit an entry every year, and in 2006 and 2007 our submissions were awarded first prize in the group/corporate category.



Relations with Environmental Organizations

Office Paper Recycle Kanazawa is a program that aims to contribute in some small way to alleviating global environmental challenges and local trash problems by uniting companies and organizations in the city of Kanazawa and its suburbs in a "regional circle of paper recycling." The program's activities include separation and collection of waste paper (copier paper and other high-grade paper, newsprint, cardboard, magazines, etc.) from offices, recycling it into new products (such as toilet paper and file folders), and selling them to members. Employees of Eizo Nanao Corporation are actively involved in separation and collection of waste paper, and the company purchases recycled toilet paper as well.

Eizo Nanao Corporation also dispatches lecturers to environmental forums sponsored by the Ishikawa Environmental Partnership Citizens Association. As they lecture on the theme of global warming, we are cooperating in efforts to raise environmental awareness within the prefecture.



Public lecture

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

Partial List of Associated 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

INPUT

Total Energy Usage

Energy Usage Breakdown

- ▶ Electricity..... 4.14 million kWh (+3.1%) Climate control and other equipment
- ▶ Gasoline and kerosene..... 1.4 kL (-1.2%) Company vehicles

Materials Usage

Paper Consumption

- ▶ Copier paper..... 1.6 t (-6.3%) 100% recycled
- ▶ Toilet paper..... 1.1 t (-20.0%) 100% recycled

Consumption of Other Materials

- ▶ Eutectic solder..... 0.7 t
- ▶ Lead-free solder..... 10.3 t

Water Usage

3,000 m³ (-51.9%)

Fiscal 2007 Results

- Reduction of Waste
- Investigation of excess packaging and requests for improvement.
 - Promotion of reuse of cardboard pallets.
 - Reuse of cushioning materials.
 - Reduction in number of defective circuit boards and parts due to processing errors.

- Reduction of Energy Usage
- Introduction of reflow furnace jackets.
 - Introduction of vaporizer-type humidifiers.
 - Discussions of climate control energy conservation proposals with Hokuriku Electric Power Company.
 - Reduction in volume of copier paper through use of document management system.

- Facilities Management and Management of Hazardous Substances
- Measurement of workplace environment and noise.
 - Appropriate processing of flammable oil waste.
 - Limitation of processes using solder containing lead.
 - Reduction in volume of solder containing lead used through switch to lead-free substitutes.
 - Audit of water quality of water-purification tank.

Eizo Nanao MS Corporation Hakui Plant

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

OUTPUT

Greenhouse Gas Emissions

1,826 t-CO₂

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

- ▶ Carbon dioxide (CO₂)..... 1,826 t (+13.9%)
- ▶ Methane (CH₄)..... 0 t (-100%)
- ▶ Dinitrogen oxide (N₂O)..... 0.00069 t (-24.2%)

Emissions and Movement of Chemicals

- ▶ Emissions and movement of chemicals (lead)..... 0.2 t (-72.0%)
Recycled

Product Production

- ▶ Production quantity (based on main circuit boards)
- CRT monitor circuit boards..... 0 units
- LCD monitor circuit boards..... 735,000 units
- Other monitor product circuit boards..... 816,000 units

Total Waste Output/Waste Final Disposal Volume

Waste Processing Breakdown

- ▶ Recycled..... 146.1 t (-5.9%)
- ▶ Heat recovery..... 7.6 t (-20.0%)
- ▶ Simple incineration..... 9.6 t (+50.5%)
- ▶ Final disposal..... 5.7 t (+34.5%)

Waste Type Breakdown

- ▶ Waste with commercial value..... 11.7 t (-14.4%)
- ▶ Industrial waste..... 74.8 t (+10.5%)
- ▶ General waste..... 8.4 t (+75.4%)
- ▶ Wastepaper..... 96.2 t (-4.9%)

Wastewater

3,000 m³ (-51.9%)

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

INPUT

Total Energy Usage

Energy Usage Breakdown

- ▶ Electricity..... 1,090,000 kWh (+15.0%) Climate control and other equipment
- ▶ Fuel oil A..... 0 kL (-100%) Climate control equipment
- ▶ Gasoline and kerosene..... 1 kL (-32.9%) Company vehicles
- ▶ LPG..... 7 m³ (-84.5%) Food service

Materials Usage

Paper Consumption

- ▶ Copier paper..... 0.2 t (-25.2%) 100% recycled
- ▶ Toilet paper..... 1.0 t (+7.7%) 100% recycled

Use of Other Materials

- ▶ Chemicals (covered by PRTR)..... 0 t

Water Usage

3,000 m³ (-12.8%)

Fiscal 2007 Results

- Reduction of Waste
- Change of outer packaging boxes for monitor products.
 - Confirmation of proper processing of waste.
 - Improvement of Styrofoam recycling operations and efficiency.

- Reduction of Energy Usage
- Reduction in volume of copier paper through use of document management system.
 - Management of aging time.
 - Reassessment of preheating time.
 - Switch to centralized control of heating and cooling temperatures.

- Facilities Management and Management of Hazardous Substances
- Measurement of workplace noise.
 - Investigation of water quality of water-purification tank.

Eizo Nanao MS Corporation Nanao Plant

(Operations: Assembly of Eizo Nanao products)

OUTPUT

Greenhouse Gas Emissions

478 t-CO₂

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

- ▶ Carbon dioxide (CO₂)..... 487.5 t (-4.3%)
- ▶ Methane (CH₄)..... 0 t (-100%)
- ▶ Dinitrogen oxide (N₂O)..... 0.0003 t (-92.3%)

Emissions and Movement of Chemicals

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

Product Production

- ▶ Production quantity
- CRT monitor circuit boards..... 0 units
- LCD monitor circuit boards..... 328,000 units
- Other monitor product circuit boards..... 809,000 units

Total Waste Output/Waste Final Disposal Volume

Waste Processing Breakdown

- ▶ Reused..... 0 t
- ▶ Recycled..... 190.4 t (-2.7%)
- ▶ Heat recovery..... 31.1 t (-9.4%)
- ▶ Simple incineration..... 4.8 t (+170.8%)
- ▶ Final disposal..... 4.1 t (+137.9%)

Waste Type Breakdown

- ▶ Waste with commercial value..... 2.1 t (+153.8%)
- ▶ Industrial waste..... 76.7 t (-11.4%)
- ▶ General waste..... 4.8 t (+170.8%)
- ▶ Wastepaper..... 150.5 t (+5.3%)

Wastewater

3,000 m³ (-12.8%)

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



Social and 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. | Adoption of Environmental Policy. ISO 9001 certification. |
| 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. Receipt of Health Minister's Award for Excellence in health and safety initiatives. 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. Implementation of traffic safety guidance in local communities. |
| 2005 | Start of shipment of products complying with the RoHS Directive. | Issuance of first Social and Environmental Report. ISO 14001 certification of Environmental Management System including sales offices in its scope. ISO 13485 certification. |
| 2006 | Eizo Eco Products 2006 standards adopted. Start of J-Moss compliance efforts. 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. |
| 2008 | Eizo Eco Products 2009 standards adopted. | |



Performance Track Reference Table

National Environmental Performance Track is the name of a program run by the U.S. Environmental Protection Agency (EPA) for promoting environmental preservation efforts by businesses. Eizo Nanao Corporation makes reference to Performance Track requirements that relate to our annual reports on environmental performance as part of an ongoing effort to improve our environmental information disclosure system. The present state of our compliance with various Performance Track requirements is summarized in the table below.

| Performance Track Requirements (see notes below)* | Relevant Items in This Social and Environmental Report | | Page |
|--|--|---|---------|
| <ul style="list-style-type: none"> ● Overview of EMS assessment and success in meeting long- and short-term targets [EMS performance: Overview of EMS performance based on goals and targets. Includes overview of EMS and compliance auditing and corrective actions.] | Social Report | Corporate Governance / [Overview of Management Organization] / ■ Internal Auditing System | Page 7 |
| | Environmental Report | Environmental Policy | Page 10 |
| | | Fiscal 2007 Environmental Objectives and Targets / Performance Report | Page 12 |
| | | Fiscal 2008 Companywide Environmental Targets | Page 13 |
| | | Environmental Management System / [Operation of Environmental Management System] / [Environmental Auditing] / [Environmental Risk Management] / ■ Facility Management ■ Waste Processing | Page 15 |
| | | Environmental Education / [Environmental Education Initiatives in Fiscal 2007] / [Strict Compliance with Laws and Regulations] | |
| <ul style="list-style-type: none"> ● Brief description of progress toward fulfillment of pledges regarding environmental performance [Target performance: Details of environmental targets and report on status of improvements] | President's Message | | Page 3 |
| | Environmental Report | Overall Environmental Impact of Business Activities | Page 11 |
| | | Fiscal 2007 Environmental Objectives and Targets/Performance Report | Page 12 |
| | | Environmental Accounting | Page 14 |
| | | Efforts to Prevent Global Warming / [Greenhouse Gas Emissions] / ■ Greenhouse Gas Emissions / [Energy Usage] / ■ Energy Usage | Page 16 |
| | | Resource Conservation / [Paper Usage] / ■ Paper Usage / [Water Usage] / ■ Water Usage | Page 16 |
| | | Reducing Waste Output / [Industrial Waste] / ■ Industrial Waste ■ Breakdown of Industrial Waste / [General Waste] / ■ General Waste / [Paper Recycling] / ■ Paper Recycling | Page 17 |
| | | Collection and Recycling of Used Products / [Collection and Recycling of Commercial Products] / [Collection and Recycling of Household Products] / [Collection of CRT TV upon Purchase of LCD TV] | Page 18 |
| | | Environmental Initiatives | Page 19 |
| | | Ensuring the Quality and Environmental Awareness of Our Products / [Basic Product Development Sequence] / [Compliance with Environmental Standards] / [TCO'03/TCO'06], [Compliance with Environmental Standards / PC Green Label], [Compliance with Environmental Standards / Energy Star and International Energy Star Program] | Page 20 |
| | | Compliance with the EU EuP Directive and REACH Regulation | Page 21 |
| | | Compliance with the EU WEEE and RoHS Directives | |
| | | Compliance with J-Moss | |
| | | Management of Chemicals | |
| | Green Procurement | Page 23 | |
| | Affiliated Company Data | | |
| <ul style="list-style-type: none"> ● Overview of efforts aimed at communication with the community and society in general [Communication performance: Details of efforts aimed at communication with the community and society in general] | Communication | Relations with the Community and Society / [Company Tours] / [Relations with the Community] / [Relations with Environmental Organizations] | Page 22 |

* The requirements listed above relate to items referenced in the compilation of the Social and Environmental Report.

* Requirements in brackets are based on expressions appearing in the latest version of the Program Guide, issued in March 2008.

* The requirements listed above were adapted from the original Performance Track documentation (in English) for use in our environmental initiatives.

