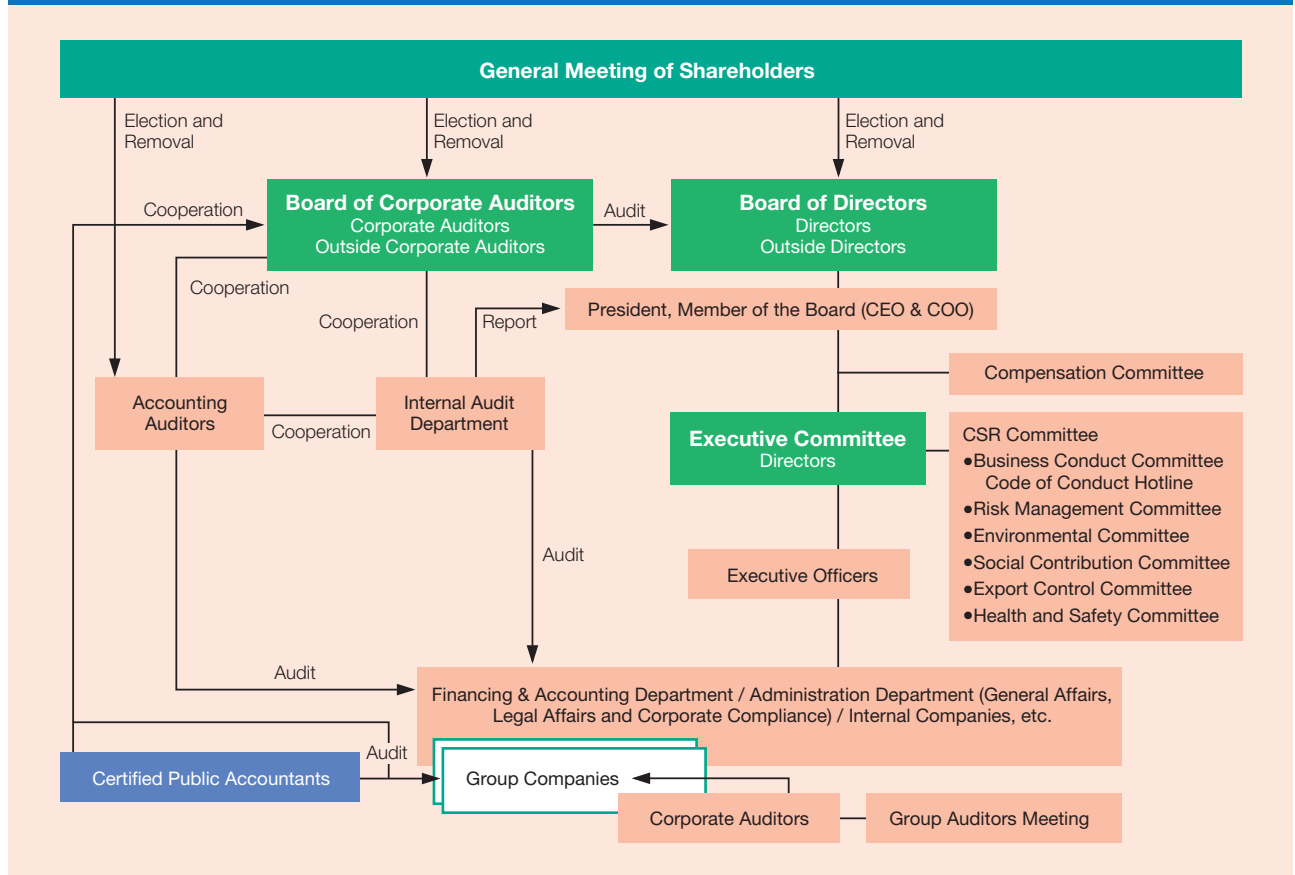


# Corporate Governance

To achieve stable corporate growth amid continued globalization of the business environment while enhancing the trusting relationship it has with its stakeholders, the Nikon Group aims to “increase management efficiency and transparency” by bolstering corporate governance and improving its internal control system.

## Corporate Governance Organization Diagram



**Committee Members (CSR-related)** The Nikon Group has established various committees to deal with important cross-organizational issues. CSR-related committees have also been set up to implement relevant practical measures. One of them making positive steps forward is the CSR Committee, which is chaired by the President.

Committee name	Objectives	Secretariat	Meeting schedule
<b>CSR Committee</b>	<ul style="list-style-type: none"> <li>Discussions, policy making</li> <li>Review of business activities</li> <li>Establishment of activity plans</li> </ul>	CSR Section, Corporate Planning Department	Twice a year at the end of each half term Extraordinary meetings when required
<b>Business Conduct Committee</b>	<ul style="list-style-type: none"> <li>Discussions related to business conduct, drafting of regulations, etc.</li> <li>Review, execution directions for departments</li> </ul>	Compliance Section, General Affairs Department	Once a year (December) Extraordinary meetings when required
<b>Risk Management Committee</b>	<ul style="list-style-type: none"> <li>Discussions and policy making related to risk management</li> <li>Review and results verification of business activities related to risk management</li> <li>Determination of activity plans for education and training related to risk management</li> </ul>	Corporate Planning Department General Affairs Department Personnel Management Department System Planning Department	Twice a year at the end of each half term Extraordinary meetings when required
<b>Environmental Committee</b>	<ul style="list-style-type: none"> <li>Formulation of environmental management activity policies and standards for achievement</li> <li>Execution status examination</li> </ul>	Environmental & Technical Administration Department	Twice a year Extraordinary meetings when required
<b>Social Contribution Committee</b>	<ul style="list-style-type: none"> <li>Drawing up of concrete plans and reports for and supervision of social contribution activities</li> </ul>	General Affairs Department	Once every quarter term Extraordinary meetings when required
<b>Export Control Committee</b>	<ul style="list-style-type: none"> <li>Management and control to assure correct, smooth execution of export management operations</li> </ul>	Compliance Section, General Affairs Department	Once a year in March Extraordinary meetings when required
<b>Health and Safety Committee</b>	<ul style="list-style-type: none"> <li>Examination and discussion of important issues related to company safety and health</li> </ul>	Personnel Management Department	Once a year in February Extraordinary meetings when required Monthly meetings of the Health and Safety Committees of each business site
<b>Educational Committee</b>	<ul style="list-style-type: none"> <li>Discussions related to education and training</li> </ul>	Personnel Management Department	Three times a year Regular subcommittee and sectional activities

## Corporate Governance Organization

### ■ Board of Directors

Fourteen members of the Board of Directors, including two from outside the company, make prompt decisions on matters of importance to the Group and monitor the exercise of duties by directors.

### ■ Executive Committee

The Executive Committee deliberates on and resolves major issues regarding internal control and guidelines about the general operation of company business, in accordance with the basic direction of management as determined by the Board of Directors. This body also receives reports from each department regarding critical matters.

### ■ Board of Corporate Auditors

Four corporate auditors, including two from outside the company, periodically attend such important meeting as the Board of Directors and Executive Committee in order to supervise the status of the directors' execution of operations, and perform monitoring and auditing of corporate management and directors.

## Strengthening Corporate Governance

### ■ Management System

In October 1999, Nikon introduced an in-house company system featuring decentralized management, with an integrated system and responsibilities established for each product sector, including subsidiaries. A results-based evaluation system was also brought in so as to strengthen the relationship between performance and remuneration. In June 2001, we installed an executive officer system and reduced the number of directors, while shortening the term of directors from two years to one in 2003 in order to consolidate a management system that can respond swiftly to changes in the business environment.

### ■ Compensation Committee

The Compensation Committee was set up in July 2003 to raise the objectivity and transparency of matters related to directors' compensation. The obligations of this committee include examining and proposing appropriate compensation systems and other related systems.

### ■ Systematization of Responsibility and Authority

Nikon formulated the Rules of Organization and Authority to clearly define the scope of authority and responsibility for each post as well as each organization. Additionally, each group company exhaustively implements control and guidance based on the Authorization Standards for Subsidiaries. This ensures organized and efficient business execution across the board.

## Latest Measures to Enhance the Internal Control System

### ■ Management Promotion Emphasizing CSR

The CSR Committee was established in 2006 to achieve highly transparent management emphasizing CSR. The committee formulates CSR-related activity plans, conducts education and nurturing to raise CSR awareness, and verifies and reviews the results.

### ■ Risk Management

The Risk Management Committee was created in April 2006 to formulate risk management policies that incorporate business continuity plans and internal controls in numerous fields, including corporate ethics, environmental management, quality control, export control and accident prevention. This body also conducts education and training on risk management and supervises associated activities.

### ■ Strengthened Deliberation, Resolution, Communication and Reporting System

Nikon further overhauled the structure of the Executive Committee engaged in the deliberation, resolution, communication and reporting of business matters and recreated rules related to the delegation of authority in divisions in order to further enhance the Group's controls.

### ■ Establishment of an Internal Audit Department

The Internal Audit Department was established in 2005 with the primary objectives of creating and monitoring the operation of Nikon Group internal controls, and making recommendations for improvement.

### ■ Information Resource Control

Guidelines on classifying confidential information were instituted in February 2006 to specify different types of restricted data. Nikon continues striving to increase the effectiveness of its information management.

### ■ Disclosure of Information

With the aim of increasing the transparency of operating information, Nikon aggressively promotes IR activities for investors and shareholders. Besides seeking to further improve the speed and accuracy of information disclosure, financial results meetings are held twice yearly and the website is constantly updated.