

Relationship with Customers

The basic stance of the Nikon Group is to make social and economic contributions through activities that provide products and services useful for society. Every effort is being made at each Nikon company to create a business structure that best meets customer needs.

Quality Control for Products & Services

The Nikon Group supplies products and services with an emphasis on its customers and giving priority to quality. For Nikon "quality" includes safety, environmental protection, functionality, performance, and reliability. This inclusive concept pervades daily production activities and related business operations and is key to Nikon's efforts to make products of ever better quality.

■ Policies and systems for quality control

Based on the Nikon Group's traditional priority on quality, the Nikon Code of Conduct declares that the Group will "supply products and services that excel in quality and safety and are useful to society." To achieve this, the Quality Control Directive (QCD) has been established as a set of basic regulations for quality control; information on basic policies and practical operations is conveyed throughout the entire Group. At the local level, every Group company has set up a Quality Assurance Department to conduct reliability tests and process inspections for the verification of product quality.

■ Quality Control Committee management

In line with the corporate philosophy and Nikon Corporate Social Responsibility (CSR) Charter, the Quality Control Principle deliberates and makes decisions on fundamental policy and basic issues related to quality control. Specifically, the committee strives to improve the quality control systems, and it also conducts prompt reviews of the systems to see that they are working effectively. When decisions are made, the committee sees that the concerned departments are kept fully informed, promoting quality control activities. And as regards requirements of the Consumer Products Safety Law and other legislation, the committee has seen not only that these are adopted for the specified products but more widely reflected in the QCD.

■ ISO 9001 certification

All business departments and major subsidiaries have acquired ISO 9001 certification, and all business activities are executed in line with the ISO 9001 Quality Manual based on Nikon's QCD. Partner companies are also required to fully understand the Nikon Group basic policy of "quality first" and to enter into quality assurance agreements. Qualified ISO 9001 auditors in the Nikon Group offer help with certification acquisition upon the request of partner companies. Furthermore, in Japan experts are invited to give talks on related topics, enabling staff from partner companies as well as Nikon Group employees to enhance their skills.

In the current fiscal year, the Basic Business Contract and Quality Assurance Agreement are being reviewed as Nikon strives to achieve further quality improvements.



Lecture on Quality attended by staff from partner companies as well as Nikon Group employees.

■ Quality control audits

Quality control audits are conducted by the Chairman of the Quality Control Principle. These involve inspection and verification of the status of quality control activities at Nikon Group companies. Information acquired is then assessed appropriately with the aim of improving both quality and efficiency.

When shortcomings are detected, corrections and improvements are indicated, and if necessary the Quality Control Directive is revised. Important matters are reported to the Executive Committee and can lead to changes in internal controls.

Nikon strives to make further improvements to quality control. In the current fiscal year, the frequency of audits has been further increased even greater attention has been paid to Sales and other departments where quality-control awareness tends to diminish over time.

■ Product safety assurance

From initial planning through to the final stages of the product life cycle, all Nikon products are designed with consideration for safety.

Design is conducted in line with the Safety Design Principles and other guidelines based on international standards. Safety is verified through measures such as design review and inspections carried out on the production line. When required, certification of safety is sought from a third-party control body. Product safety is verified by Nikon's Product Safety Test Room — which has passed the stringent certification criteria of TÜV SÜD (TÜV SÜD Product Service GmbH, Germany), the European certification body for testing laboratories — to ensure that only safe products reach customers.

One safety problem occurred in the year ended March 31, 2008. The problem was related to a defect in the C-HC1 biological microscope specimen holder. Nikon wishes to convey its deepest apologies to any customers who may have been inconvenienced by this.

▶ **For information on the recall and free replacement of Nikon's C-HC1 biological microscope specimen holder, see:**

http://www.nikon.com/about/news/2008/0507_01.htm

Strengthening Manufacturing Competitiveness

As part of the ongoing drive to create a “Strong Nikon” that can meet the expectations of its customers, the Group is currently bolstering its manufacturing competitiveness. This involves a wide variety of production methods for different products, ranging from cutting-edge IC steppers & scanners demanding ultra-high precision to consumer products that require enhanced efficiency. While giving careful consideration to the characteristics of each, Nikon is working to both strengthen and make more efficient its manufacturing capabilities in all production processes. The entire Group is thus striving to improve competitiveness in terms of speed and cost as well as quality.

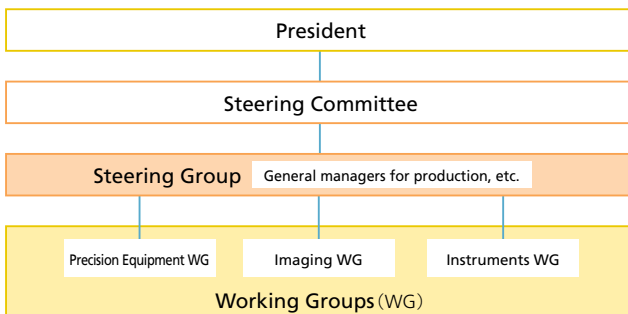
5-point initiative for strengthening manufacturing competitiveness

- Development reform
- Production preparation
- SCM (supply chain management) enhancement
- Productivity reform
- Human resource development

■ Mono Project

To strengthen manufacturing competitiveness, a Group-wide Manufacturing Reform Project, led by the President, was started in 2006. Separate working groups were set up for each of Nikon’s core businesses — Precision Equipment, Imaging, and Instruments — and progress is being made with these reforms while ensuring close coordination between different businesses. Recently, successes have been achieved with activities designed to enhance productivity by the thorough elimination of waste, as well as to reduce development times and costs through the adoption of simplified designs and common platforms. These reforms are ongoing, aimed at establishing a strong Nikon production system suited to each business.

Manufacturing Reform Project Organization (Mono Project)



Improving Customer Satisfaction and Service Response

In order to accurately assess customer feedback and to fine-tune Nikon’s response, each company in the Group has its own independent system for supplying goods and services.

■ Precision Equipment Company

The Precision Equipment Company supplies steppers & scanners for use in the manufacture of semiconductors and LCD panels; however, its links to the customer are not limited to the supply of these products. Making good use of customer communication to ensure the kind of support that will ensure customer satisfaction is a very important part of customer relations. This is also the thinking behind the Nikon & Nikon Tech Seminars organized by the Precision Equipment Company.

Example: Intelligence sharing system for rapid worldwide response

All over the world, overseas affiliates under the direct control of the Precision Equipment Company and their branch offices serve as centers for communication and support. Customer feedback and field information gathered overseas are supplied to the Support Department of the Precision Equipment Company, to ensure that all parties concerned can respond as quickly as possible.

Example: Developing a system for enhanced support capabilities

The Precision Equipment Company believes in providing a prompt repair service for its products, and for this reason it is creating a rapid-response parts supply system. It is also working on ways to offer preventive maintenance as well as realizing high equipment operating rates with high productivity.

As part of these activities, in the current fiscal year it has (1) improved its parts supply system, and (2) created a responsive support system for LCD steppers and scanners.

To improve the parts supply system (1), it has introduced and is already making use of a forecasting system to optimize inventory at each overseas affiliate and facilitate the prompt delivery of parts to their customers. The company is also making preparations to build an effective supply chain. To create the responsive support system (2), it has established a central organization for coordinating everything from design and development to production, engineering, and field service so that all of these activities are in sync.

Of all business activities, customer support involves the greatest proximity between company and customer. By listening carefully to its customers, the company is working hard to achieve further improvements in this area.

Relationship with Customers

■ Imaging Company

In addition to providing outstanding image-related products, particularly digital cameras, the Imaging Company offers prompt customer support and extra convenience with service centers and call centers to handle inquiries and requests for repairs. Assistance is also provided via an extensive Frequently Asked Questions (FAQ) list and video instruction manuals on its website.

Example: offering top-quality service to customers worldwide

The Imaging Company is doing everything it can to provide a high-quality service to customers around the world, wherever they may be. For example, it has been focusing on the training of employees at overseas affiliates.

When the company starts to provide service in a new country or region, it brings staff to Japan to study. As well as receiving various types of basic training, these trainees are given opportunities to study firsthand the practicalities of Nikon service at repair plants and service centers in Japan. Also, whatever the topic of training, the transfer of know-how is not the only aim: communication channels between each overseas affiliate and the Tokyo Head Office are developed through face-to-face interaction.

Furthermore, twice a year a global conference is organized. Participating are staff in charge of service at companies and offices throughout the world, including those regions where Nikon has been operating for many years. This provides an opportunity for everyone to verify what progress has been made and what global targets have been set for service. They are also able to exchange the latest information that will facilitate improving the level of service provided to customers.



European service conference

■ Instruments Company

The products of the Instruments Company are used by broad range of customers, from those working in research fields such as bioscience, to those involved in manufacturing, such as electronic components and automobile assembly.

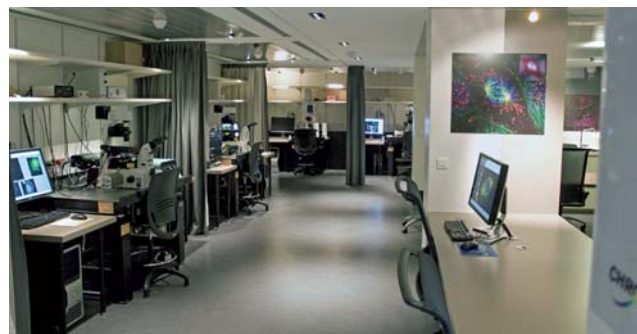
The company is striving to develop new products and new technologies in response to the wide variety of customer requests received via its marketing, sales, and CS activities.

Example: Nikon Imaging Center is established in France

An important goal of the Nikon Group is to contribute to research and education in the biosciences through the use of the latest microscope systems. To this end, and with the cooperation of world-famous universities and research institutes, it has established and is already running a Nikon Imaging Center.

In December 2007, with the cooperation of the Curie Institute in France, Nikon France S.A.S and Nikon Instruments Europe B.V. opened the Nikon Imaging Center (NIMCE) in Paris; it is located within the Curie Institute. This imaging center, the 7th of its kind in the world, is equipped with such cutting-edge products as the latest ECLIPSE Ti inverted microscope for research applications, a confocal laser scanning microscope system, the ECLIPSE 90i research microscope, the AZ100 universal zoom microscope, and the BioStation IM time-lapse imaging device for observing living cells. At the official opening, this equipment attracted great interest from those attending, including Valerie Pecresse, France's Minister of Higher Education and Research. It is expected that this partnership will lead to further progress for the Institute, enhanced awareness of Nikon in the field of scientific research, and the development of new products.

Nikon Imaging Centers have also been established at Harvard University (USA), Heidelberg University (Germany), Hokkaido University (Japan), Oxford University (UK), University of California, San Francisco (USA), and Biopolis (Singapore).



Nikon Imaging Center in the Curie Institute

Relationship with Shareholders and Investors

To acquire the understanding and trust of shareholders and investors, the Nikon Group provides a wide range of timely information as part of its vigorous approach to communication. We also make every effort to enhance feedback to management.

Disclosure to Shareholders and Investors

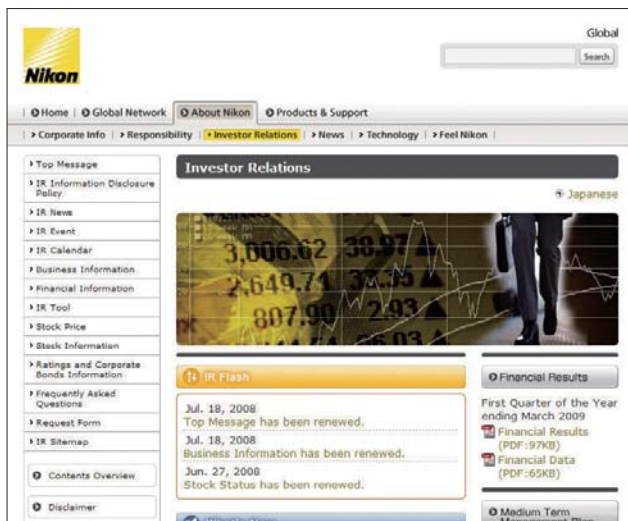
Basic disclosure policy

The Nikon Group's basic stance on information disclosure is to disclose corporate information in a fair and positive manner. In addition to observing the Timely Disclosure Rules established by the Tokyo Stock Exchange, the Nikon Group continues working to foster a deeper understanding among its shareholders and investors by providing a wide range of information, from management policies and business activities to information on products and technologies.

Disclosure tools and timely disclosure

When disclosing information, Nikon applies methods that are appropriate for the details being disclosed. Information is provided through the mass media with news releases and official announcements, and through other means such as briefings, fact books, annual reports, semiannual/annual business reports for investors and other printed materials.

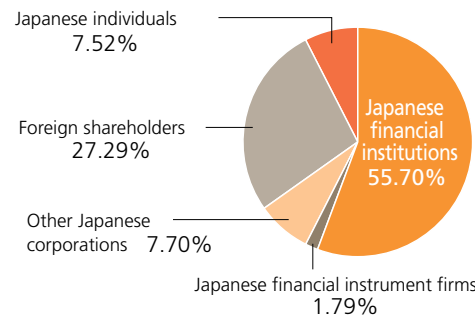
With the spread of the Internet in recent years and the increasing need to transmit information via a website, we established an Investor Relations section on our website to provide the latest news. Timely disclosure to investors is further assured by the use of the Tokyo Stock Exchange's Timely Disclosure network (TDnet).



Nikon's Investor Relations (IR):

<http://www.nikon.com/about/ir/index.htm/>

Nikon shareholders (as of March 31, 2008)



Communication with Shareholders & Investors

Communication policy

The Nikon Group employs a variety of means to enable interactive communication with its shareholders and investors as a way of promoting a deeper understanding of the company. At the same time, the active participation of top management assures that their opinions are more effectively applied to management.

IR activities

The Nikon Group holds conferences on financial results, medium term management plans, and other topics for institutional investors and analysts in Japan. The Group takes part in conferences organized by securities companies, to increase its opportunities for direct contact with investors. Group executives also travel internationally to augment their communications with overseas investors.

Communications with individual investors, meanwhile, are enriched through the Investor Relations activities and resources available through the Nikon website.

Major IR activities in the year ended March 31, 2008

IR activity	Frequency
Financial results conference, explanation meetings, etc.	May, August, November, December
Interviews with institutional investors/analysts	400/year approx.
Visits to overseas institutional investors	1 each for Europe, USA, and Asia
Visits to domestic institutional investors	60/year approx.
Participation in conferences organized by securities companies	4/year
Participation in small meetings organized by securities companies	4/year

Relationship with Employees

Nikon Group employees come from a wide range of backgrounds. The company's basic stance is to respect individual diversity and human rights, to treat people fairly without prejudice, and to provide an environment in which dedicated work leading to good results is possible for all.

The Ideal Employee, The Ideal Company

To be a company that is "Meeting needs. Exceeding expectations." Nikon envisages a relationship between employee and company that facilitates growth for both.

Based on the concept of "Work for the team, think on your own, and act," Nikon fosters employees who can:

- Lead an organization, train subordinates, and
- Contribute with knowledge, technology and skills.

Personnel System

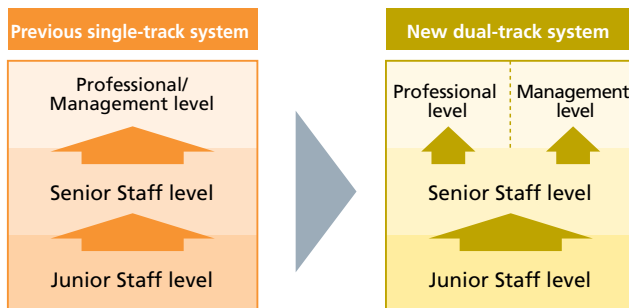
Introduction of dual-track personnel system

In October 2007, Nikon introduced a dual-track personnel system. Replacing the previous single-track system (Junior Staff level → Senior Staff level → Professional/Management level), this new dual-track system (Junior Staff level → Senior Staff level → Professional level or Management level) means that an employee advancing to the final level will be exclusively a "manager" with responsibility to lead the organization, or a "specialist" who contributes his or her knowledge and skill.

Under the new system, every employee chooses how he or she wishes to contribute significantly to the company as an individual. Nikon believes that this will lead to employees being more interested in how they can make good use of their capabilities at work, always going about their job in a more goal-oriented, motivated way. And when employees are approaching the level at which they will make their choice, Nikon provides support in the form of career planning sessions.

Nikon is thus creating an environment where employees can find more fulfillment of their work. Using this new system to provide a workplace where each and every employee can fully realize his/her potential is something that Nikon sees as an important corporate responsibility.

Nikon's personnel system

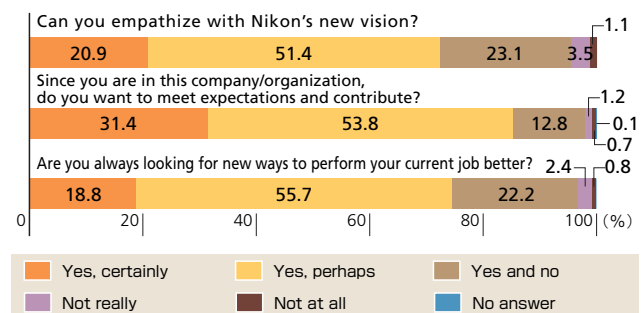


Nikon Group Awareness Survey

In October 2007, an awareness survey was conducted for domestic Nikon Group employees (approximately 10,000). About 75% completed the questionnaire, and an overview of the results was published in the March 2008 issue of the in-house magazine.

This survey revealed that overall Nikon Group employees have a positive attitude toward their work, and it is felt that this is one of the strengths of the Group. Furthermore, since there is no disparity between the head company and the Group companies when it comes to the degree of empathy felt by employees for the corporate philosophy and vision, the results were seen as encouraging. Nevertheless, on some issues differences in awareness were discerned between such categories as superiors and subordinates, men and women. Issues highlighted by this survey will be studied to analyze individual causes and develop appropriate countermeasures.

Results of the Nikon Group employee awareness survey



Human Resource Development & In-house Training

Main achievements for the year ended March 31, 2008

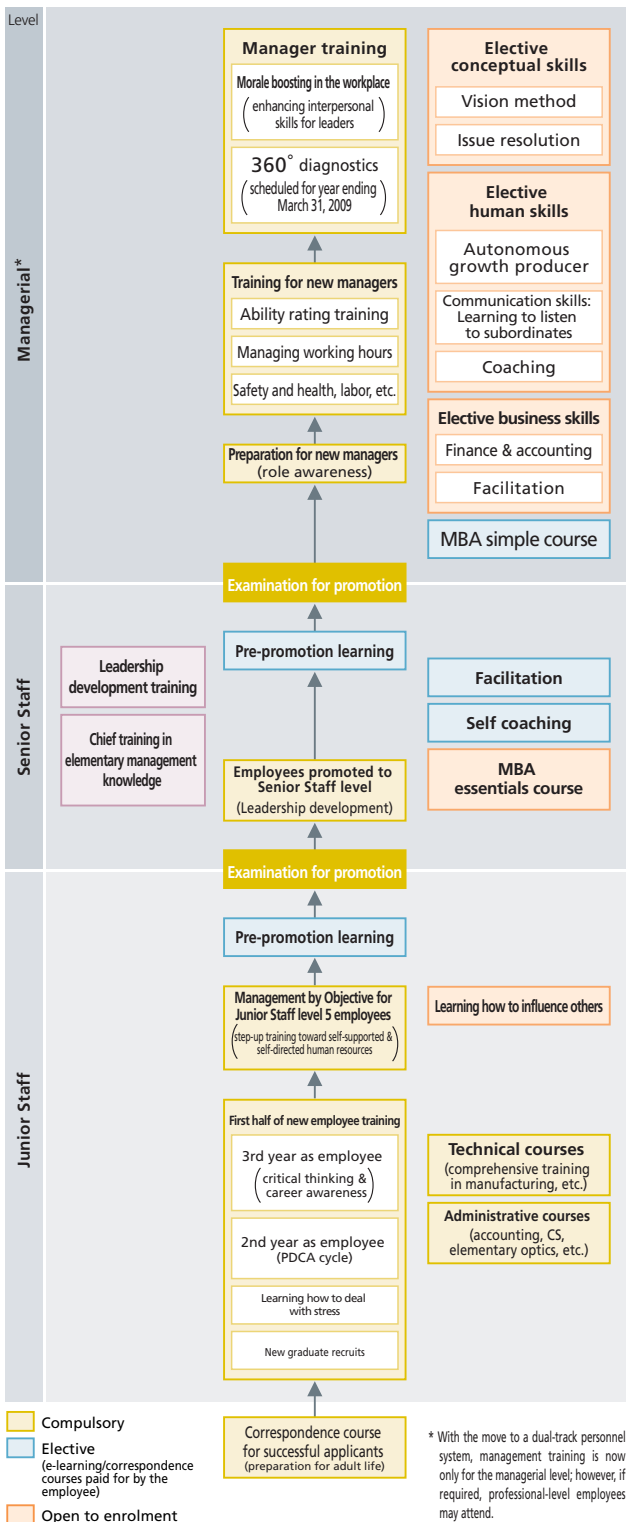
- Conducted morale-boosting training for the workplace
- Conducted ability rating training for new managers
- Expanded training for younger employees (elementary optics for 1st-year administrative employees, PDCA cycle for 2nd-year employees, critical thinking and career awareness for 3rd-year employees)
- Revised OJT Supporter (support program for new employees)
- Developed system for assessing the effectiveness of engineer training courses
- Conducted human rights education for new employees

Goals for the year ending March 31, 2009

- Launch revised OJT Supporter program
- Establish effectiveness assessment for engineer training courses

Aiming at fostering human resources who can "Work for the team, think on your own, and act," Nikon continues to run a variety of training programs.

Nikon employee training & promotion flowchart



■ **Strengthening management capabilities**

Managerial-level training is considered by the company to be of crucial importance, having a direct impact on nurturing the human resources responsible for the future of Nikon.

In the year ended March 31, 2008, the company started full-scale morale-boosting training for the workplace, and a total of about sixty employees learned that “creating a cheerful, lively environment in which it is easy to work is something that begins with the manager’s own behavior modification.” Changes that resulted from this include an increase in face-to-face communications rather than relying on e-mail. Also, courses in how to appraise employees and how to manage their working hours were conducted for employees newly promoted to managerial positions. This training improved their ability to make fair evaluations and allocate duties appropriately.

■ **Training programs for younger employees & supervisors**

In the year ended March 31, 2008, an Elementary Optics course was run for 1st-year administrative employees so that all Nikon employees can have the same background knowledge. The 2nd-year employees attended a PDCA Cycle course; this provided them with practical skills that can be applied in their jobs. Training in critical thinking and career awareness was provided for 3rd-year employees, offering them an opportunity to prepare for promotion to mid-level jobs.

For new employee education, arrangements were made to enable close 3-way communications between superior, instructor and employee so as to devise more systematic means for growth support. As regards mental health issues, cooperation with Safety & Health departments has been strengthened. Also, the OJT Supporter program for training supervisors was revised; it is to be launched in the current fiscal year.

■ **Effectiveness evaluation for engineer training courses**

About 120 courses have been conducted to create “engineers who understand manufacturing”. In the year ended March 31, 2008, a system was developed whereby engineers report on how these courses have made a practical difference in their job, enabling course effectiveness to be assessed. From the current fiscal year, this system will be made a permanent feature so as to assist in planning engineer training courses that are more useful in practical terms, leading to efficient production and improved product development.

■ **Human rights education**

The Nikon Group wants to contribute to equality in society by promoting a correct understanding and enhanced awareness of human rights, and by creating a cheerful workplace in which each employee feels their contribution is respected. For this purpose, a human rights course is provided for new employees in April; those entering the company in mid career can take advantage of a similar course given once every three months. Nikon intends to further improve the breadth and depth of human rights awareness among its employees, making use of e-learning and other approaches in future.

Relationship with Employees

Diversity

The Nikon Group respects individual diversity — including a person’s gender, age, nationality, personality, culture, and value system. The management attaches great importance to creating a corporate culture in which every employee can develop to their full potential, free from prejudice. To achieve this, there are several ongoing initiatives, including system upgrading, and educational activities designed to spread and firmly establish diversity awareness throughout the organization.

■ Support for women in the workplace

Main achievements for the year ended March 31, 2008

- Developed recommendations for supporting women in the workplace through a Diversity Project
- Conducted seminars for managers
- Held off-site meetings 20 times at 6 different business plants
- Provided training for female employees

Nikon currently has a total of 431 female employees (as of March 31, 2008), who have worked on average for 16.3 years (as of April 30, 2007). The management is keen on creating an environment in which the number of female employees increases and women want to have longer careers, because this leads to an improvement of the Nikon working environment as a whole.

As a first step towards greater diversity, the Nikon Group is actively engaged in promoting skills development for female employees and in creating a workplace that is amenable to them. In the year ended March 31, 2008, when the focus was on creating a framework for this, progress was made, as detailed below.

Recommendations of the Diversity Project

Reflecting concerns that Nikon has too few female employees and that they are not making full use of their potential, a Diversity Project was set up in August 2007. Members of this company-wide project were Nikon employees — 14 women and 2 men. A total of 10 meetings were held at which a conceptual framework was developed for full participation of women at Nikon, and in December that year recommendations were presented to the Personnel Management Department for measures to realize this. Nikon is now considering how to put these recommendations into practice.

Diversity Project: 4 main recommendations

- Hire more women
- Raise awareness among employees
- Improve the personnel system and make better use of the existing system
- Provide training for potential female executives

Lecture courses for managers with invited speakers

In October and November 2007, the consultant Yuko Sugawara was invited to give a series of 3 talks on Diversity to audiences of managers. Attended by a total of 297, these covered such topics as “The need for diversity management,” “Changing attitudes in society,” and “What the company can do, what the manager can do.”



Lecture for managers

Off-site meetings

Nikon holds “off-site meetings” to raise managers’ awareness as regards supporting women in the workplace and also so that both managers and female employees can gain an appreciation of each other’s viewpoints. Such meetings have been organized 20 times at six different business plants within the Nikon organization; total attendance has reached 240.

These opportunities served to deepen mutual understanding, with male managers and female employees together making proposals to the company and debating what can be done in each workplace.

The opinions that come out of these meetings are being compiled by the Personnel Management Department which plans to develop practical solutions from them.



Opinions are exchanged by participants

Training for female employees

Continuing on from the year ended March 31, 2007, Nikon has arranged training sessions for female employees to encourage them to develop and realize their own potential, finding the motivation to reap personal rewards through a lively engagement with their work.

Main courses offered by Nikon and Attendance

- Self-realization training for women: 17
- Leadership training for women to enhance their capabilities: 18
- Self-enhancement workshops (3 sessions): 38 (total)

■ Employment of the disabled

Main achievement for the year ended March 31, 2008

- At 1.83%, the statutory employment ratio of people with disabilities has been achieved

Goal for the year ending March 31, 2009

- Expand Nikon Tsubasa by establishing new workshop in the Sagamihara Plant

Nikon Tsubasa Inc., an exceptional subsidiary, was established in 2000 in conformity with the Law for the Promotion of Employment, etc. of the Disabled. The number of mentally disabled employees working for Nikon Tsubasa has risen from 10 to 25, and now includes one female (as of December 2007.) The company accepts some orders from outside the Nikon Group, and it has received high acclaim for its performance. Since very experienced staff and instructors are on hand to train Nikon Tsubasa employees, the workforce learns to adeptly perform such operations as parts processing, packaging, and assembly.

A meticulous support system for the employees helps each of them realize their full potential in the workplace. It is one of very few factories in Japan where the mentally disabled are involved in the assembly of precision instruments, and this has attracted media attention.

Currently Nikon Tsubasa operates within Nikon's Yokohama Plant, but in July 2008 an additional workshop is scheduled to open within the Sagamihara Plant. The tasks undertaken by Nikon Tsubasa will also expand to include the inspection of finished glass products.



Employees of Nikon Tsubasa at work

The Nikon Group has already reached the statutory employment ratio of people with disabilities of 1.8% (the ratio at Nikon was 1.83% as of June 2007) and it continues to make vigorous efforts to create new work opportunities for the disabled.

■ Continuing employment system for retirees

Main achievement for the year ended March 31, 2008

- Reemployment ratio for Nikon retirees = 49%

To operate as a company in which the elderly can continue working insofar as they can and wish, Nikon has been running an Active Senior Employee System since April 2006. Under this system, employees reaching the retirement age (60) are given the opportunity to be reemployed if they satisfy certain conditions. Nikon Staff Service Corporation, a subsidiary established in 2004, has been offering similar opportunities to retirees since before the Active Senior Employee System was available. In the year ended March 31, 2008, almost half of those reaching the retirement age were reemployed by Nikon Group companies. By comprehensively facilitating such measures, domestic Nikon Group companies will benefit by retaining the valuable skills of veteran employees.

Additionally, all Nikon employees who will be reaching retirement age in the following year can attend Life Plan Seminars organized by the company to help them prepare for retirement. As well as learning about Nikon's reemployment system, lecturers are invited to come and talk on the specifics of the state pension system, living expenses, taxes etc. for retirees. Through such activities, Nikon strives to ensure that its employees will be able to enjoy fulfilling lives after retiring.

Column

Support for Leukemia Sufferer at Group Company in China

Donations were collected to help defray the medical expenses faced by an employee of Nikon Imaging (China) Co., Ltd. with leukemia who required a bone-marrow transplant. Nikon cooperated with the labor union, providing and installing collection boxes, counting the donations, and ensuring their safekeeping. Support was also received from the larger labor union organization and other company unions in the vicinity, so the total sum received was approximately 87,000 yuan (about ¥1.3 million), of which 37,000 came from outside the company and 50,000 came from those working at NIC, including Nikon staff dispatched from Japan.

Relationship with Employees

Safety & Health

Main achievement for the year ended March 31, 2008

- Zero cases of worktime lost to accidents (rate of lost-worktime injuries = 0)

To help ensure the safety and health of all employees, representatives from both labor and management sit on a Safety and Health Committee, which investigates and deliberates issues to do with safety and health in the Nikon Group. A Plant Safety and Health Committee has been established at each business unit, as stipulated by law, but in addition to their activities, the Safety and Health Committee prepares and supervises basic Group-wide polices for safety and health, as well as basic measures to manage safety and health, and to maintain/improve health among employees.

As well as compliance with the relevant laws, the cooperation of the employees themselves is essential to ensure their safety and health. Thus, opinions in the workplace are solicited and made use of when developing company measures. Additionally, based on the targets and policies set by each business unit, a set of Workplace Safety and Health Targets has been formulated at each workplace to promote activities with the participation of the entire staff.

Various activities to ensure safety and health are conduct-

ed on each production line based on a set of Safety and Health Management Rules specifying the responsibilities of the local managers. The Nikon Group makes every effort to fulfill its obligations as a business organization through the above-mentioned measures, and to comply with all relevant laws and regulations without exception.

In the year ended March 31, 2006, there were no cases of worktime lost to work-related accidents. In the year ended March 31, 2007, there was one such accident; the rate of lost-worktime injuries was thus 0.10.

Health Care

Health management support

For the prevention of lifestyle-related diseases, Nikon encourages employees to establish healthy dietary and exercise habits. The key is to take responsibility for one's own health. Nikon is working to further enhance in-house support systems for employee health management, coordinating with the company's health insurance union, which supervises the health checkups and guidance stipulated by the Law on Securing Healthcare for the Aged, enacted in April 2008.

Goal: A safe, healthy, vibrant corporation Measures implemented by Nikon in the year ended March 31, 2008

- Apr. 2007 — Mental health specialist staff augmented
- Apr. 2007 — Overseas emergency medical assistance service contract reviewed
- Sept. 2007 — Review of medical care available in India; improvements implemented
- Nov. 2007 — Lecture on mental health in the workplace given by a psychotherapist for all managers and supervisors
- Feb. 2008 — AED (automated external defibrillator) equipment installed in all offices and plants

Health care and working hours

In recent years the negative impact that excessive work can have on peoples' health has become an issue of considerable social concern; for Nikon, its prevention and employees' mental health in general are seen as priorities. Specifically, the company has gone beyond what is legally required, establishing physical checkups for those who are thought to be overworked, and introducing a rehabilitation support system for employees on sick leave. In addition to its focus on health management, Nikon has implemented a Working Hours Campaign since April 2006 to bolster management capabilities and convey the message that each individual needs to rethink how they go about their work.

Column

Labor Security Certificate for Group Company in China

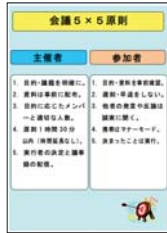
In 2007 Nikon Imaging (China) Co., Ltd. was acclaimed as an "Honesty and creditworthy company for labor and social security" from the Wuxi Municipal Bureau of Labor & Social Security. To receive such certification, a company is first invited to apply to the Bureau, which then conducts a rigorous inspection covering labor security, hiring, labor contracts, wages and social insurance premiums, working hours, protection for female and minors in the workforce, the presence/absence of a labor union, whether company regulations/systems have been established in accordance with legislation and are being applied in good faith, and so on. As in 2006, NIC again received certification for excellence and integrity in the field of labor relations.



"Honesty and creditworthy company for labor and social security" certificate

Key Points of Nikon's Working Hours Campaign

- No-overtime days, short-overtime days
- Notification of 5x5 principle for meetings (see right)
- Employees required to plan their paid leave
- Mental health training for new managers
- Proper management of late-night overtime
- Training in how to manage meetings
- Lectures given by psychotherapists
- "Cooling system" to prevent excessive overtime



■ **Rehabilitation support system for employees on sick leave**
In June 2006 Nikon introduced a rehabilitation support system for employees on sick leave. This system is aimed at the rehabilitation of ailing employees to facilitate their return to work. An employee returning from sick leave may apply to work for either shortened hours or a reduced number of working days per week, provided that the company deems such an accommodation is necessary.

Furthermore, a rehabilitation plan is drawn up by professional staff including industrial doctors, nurses and counselors, who provide further support in the form of regular meetings with the employee.

■ Health care for staff on overseas assignments

Owing to the increasingly global nature of Nikon's business, the health risks (infectious diseases, etc.) faced by employees overseas are of special concern. As well as providing a health care system for staff stationed abroad, Nikon is bolstering its risk management accordingly. (▶ See page 23 for further information.)

Support System for Work-life Balance

Nikon has adopted systems and measures that enable employees involved with childcare or nursing-care to work without increased stress or anxiety. This support system for work-life balance sets standards that meet and even exceed those required by law.

In May 2008, Nikon was awarded the Next-Generation Certification Mark (informally called "Kurumin"), given to companies that introduce measures based on the Law on the Promotion of Measures to Support Fostering of the Next Generation.



"Kurumin" Next-Generation Certification Mark

Days of paid leave taken (average)

Year ended	Employee* average
March 31, 2006	13.8 days
March 31, 2007	14.1 days
March 31, 2008	13.5 days

* System applies to regular employees

Nikon childcare & nursing-care support systems

System	Support Systems
Childcare system	<ul style="list-style-type: none"> • Steps to alleviate commuting stress during pregnancy (staggered hours; shortening of working hours by up to 4 hours a day) • Time provided for hospital checkups during pregnancy (from 1 hour to 1 day × number of hospital-visiting days) • Childcare leave (can be extended until child is 1 year 6 months) • Spouse maternity leave (2 days of special leave) • Choice of work hours (until the child is 1 year old: working day shortened by up to 4 hours; staggered hours) • Shortened work hours (until child completes year 3 of elementary school: 1 to 2 hours per day) • Overtime limitation and exemption from late night work • Nursing leave (up to 5 days per year for nursing pre-elementary schoolchildren)
Nursing-care system	<ul style="list-style-type: none"> • Nursing-care leave (up to 1 year) • Shortened work hours (up to 4 hours per day for 1 year) • Special accumulated leave for accidents, illness or nursing care (up to 40 days of paid leave for the current year only) • Overtime limitation and exemption from late-night work

Number of employees taking childcare & nursing care leave

Year ended	Maternity leave	Childcare		Nursing care	
		Men	Women	Men	Women
March 31, 2006	12	0	12	1	1
March 31, 2007	17	0	17	0	1
March 31, 2008	9	1	9	0	0

* System applies to regular & contract employees

Appropriate Management of External Manpower

Nikon's manpower planning and management are based on the business plans of each division. Depending on the type and duration of each job, the company will, when necessary, sign agreements with agencies or subcontractors to either hire temporary staff or outsource the work.

There are occasions when contract workers from an agency are invited to become regular employees, depending on their suitability for the work, and in accordance with relevant legislation and HR planning.

Nikon is committed to ensuring that it complies with all legislation relating to management of external manpower, coordinating closely with manpower agencies, subcontractors, and the regulatory authorities.

Relationship with Business Partners

Procurement partners represent an important segment of the Nikon Group's business partners. The Group procures its goods and materials in accordance with the Nikon Basic Procurement Policy, which promotes fair and equitable procurement as well as sound business operations.

Cooperation with Procurement Partners

■ Nikon Basic Procurement Policy

Based on Nikon's top-level policy, including the corporate philosophy of Trustworthiness & Creativity, the Nikon Group strives to see that its procurement partners also understand its approach to CSR. In this way, Nikon seeks to work together with its partners to create a better society and global environment, and to realize the sustainable development of the Nikon Group. Following the formulation of the Nikon Corporate Social Responsibility (CSR) Charter, in December 2007, the Nikon Basic Procurement Policy was revised.

What this new policy seeks to achieve is fair and equitable procurement based on the Quality Control Directive (QCD), assuring procurement activities that continue to emphasize due consideration to the global environment. Also, Nikon is actively promoting, together with its procurement partners, procurement activities that put a new priority on CSR in the supply chain.

Nikon Basic Procurement Policy

1. Sound corporate activities

The Nikon Group shall conduct sound fair corporate activities, while complying with applicable laws and prescriptive social norms.

2. Open-door procurement

The Nikon Group procures goods and services from global suppliers in as transparent a fashion as possible.

3. Procurement based on the concept of fair competition

Based on the principles of fair, free competition, the Nikon Group assigns top priority to suppliers that offer superior performance in terms of quality, cost, delivery, and corporate reliability.

4. Procurement based on the concept of partnership

Our approach is that the Nikon Group and our suppliers are partners working together to make good products. Under this approach, we work to understand each other, to build a relationship of trust, and to prosper together.

5. Green procurement

For the protection of the global environment, the Nikon Group assigns priority to suppliers that provide consideration for environmental issues and that are actively engaged in environmental conservation activities in the manufacturing process for the procured goods.

■ Promoting green procurement

In October 2005, the Nikon Group established the Nikon Green Procurement Standards to facilitate its supply of eco-friendly products and also contribute to the creation of an environment-conscious recycling society. These standards set down the basic approach to green procurement, what is expected of procurement partners, how the standards are to be applied and measures for ensuring compliance.

Briefing sessions have been organized to explain the practical aspects of green procurement to each business unit, and currently virtually all procurement partners have indicated their support and signed agreements with Nikon.

In the year ended March 31, 2008, the Nikon Group promoted green procurement activities in China, giving support to a local Group company involved in production. In Europe, to facilitate compliance with the EU's REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) Regulation, Nikon has joined the JAMP (Japan Article Management Promotion) consortium and is now gathering relevant data and preparing to create an appropriate information infrastructure.

Nikon is committed to making substantial progress in its efforts to reduce the burden on the global environment and, working with its procurement partners, it will ensure compliance with REACH in the EU and with other new limitations and regulations regarding chemical substances that come into force in other regions and countries.



▶ Nikon Green Procurement Standards:

<http://www.nikon.com/about/info/procurement/green.htm>

Promoting CSR in the Supply Chain

■ Nikon Procurement Partners' CSR Guidelines

In developing a stable, long-term business, there is strong pressure on companies to see that they fulfill their social responsibility as regards supply chains. The Nikon Group takes this responsibility very seriously. To promote CSR throughout its supply chain, on December 1, 2007, it announced the Nikon Procurement Partners' CSR Guidelines, with which its procurement partners are required to comply.

Nikon Procurement Partners' CSR Guidelines

1. Sound corporate activities

The Nikon Group requests that you implement sound and fair business management, and properly disclose information about operational status in order to ensure that trouble-free transactions occur based upon a foundation of mutual cooperation and trust.

2. Product Quality and Safety, and Business Continuity

In order to provide our users (end consumers) with "the best products," the Nikon Group requests that you comply with the safety standards in each country and region, and provide us with materials that satisfy the quality standard required by the Nikon Group. As the Nikon Group is positively addressing its Business Continuity Plan for the purpose of a continuous, stable supply of products to our customers, we ask you to continue voluntarily addressing the Business Continuity Plan for the purpose of stable supply as well as ensuring delivery time.

3. Respect for Human Beings

The Nikon Group requests that you comply with applicable legislation and prescriptive social norms relating to human rights and labor (in prohibiting child labor, forced labor, etc.) enforced in each country and region that form the basis of business activities. We also ask that you comply with legislation related to safety and health, and help improve the working environment to make it more appropriate.

4. Consideration for the Environment

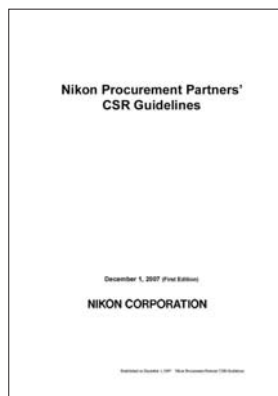
The Nikon group requests that you implement environmental preservation and environmental management, positively endeavor to conduct business activities and product development with consideration given to the global environment, and, at the same time, comply with the Nikon Green Procurement Standards in your procurement activities for materials.

5. Contribution to Society

The Nikon Group recommends that you conduct voluntary activities contributing to the evolution of international society and local communities.

6. Information Security

Please take necessary defensive measures to counter threats to computer networks, properly control and protect personal information (of customers, third parties, and employees), and prevent the leakage of confidential information of customers and third parties.



▶ Nikon Procurement Partners' CSR Guidelines:

<http://www.nikon.com/about/info/procurement/csr.htm>

■ CSR Guidelines briefing for procurement partners

Beginning in April 2008, a series of meetings on the Nikon Procurement Partners' CSR Guidelines has been held for procurement partners. These are designed to promote CSR procurement activities in the supply chain.

■ CSR procurement training for Nikon staff in charge of procurement

Following the establishment of the Nikon Procurement Partners' CSR Guidelines, in the year ended March 31, 2008, activities were conducted to promote understanding of the guidelines within the Nikon Group. Briefing sessions were held 24 times, attended by approximately 600 Nikon Group employees whose jobs are related to procurement. Furthermore, an e-learning program was initiated to enable the procurement staff in each department to gain a deeper understanding.



CSR Guidelines briefing session for staff in charge of procurement

Relationship with Local Communities

The Nikon Group participates in various local activities, including cleanup campaigns and other events, to promote communication with the local communities around its plants. Through such activities, and by making available its technical expertise and products, and arranging photographic exhibitions, Nikon contributes to greater social prosperity.

Contributing to Photographic Culture

■ Nikon Salon Photo Galleries

With the aim of popularizing and advancing photographic culture, these permanent exhibition spaces were opened in 1968 to display outstanding photographic works by both amateurs and professionals in a wide range of fields. Various activities related to photography are conducted at the 3 galleries — in Ginza and Shinjuku in Tokyo, and in Osaka. In the past fiscal year there were 82 exhibitions by individual photographers and 32 arranged by groups.



Photographic exhibition at a Nikon Salon

■ Support for the Digital Camera Volunteer Association

The Digital Camera Volunteer Association was set up to enable anyone to enjoy photography and experiment with new forms of visual expression; it is run by former Nikon employees and citizens of Shinagawa Ward, Tokyo. Nikon sponsors the activities of the association and provides support through the loan of camera equipment.

The association has held digital camera workshops for grade-schoolers and separately for middle-aged and elderly audiences. In the past fiscal year, however, this program was expanded to nursing homes for the aged, where it proved to be a great success.



Digital camera workshop for grade-schoolers

Contributing to the Next Generation

■ Donating to Right to Play for the support of children in conflict zones

Nikon Europe B.V., located in the Netherlands, was able to make a donation to Right to Play, an NGO that supports, through sports and play activities, children growing up in areas of conflict or danger zones. This donation was linked to the number of works submitted to the Nikon Photo Contest International 2006-2007: for every photograph submitted from Europe or Africa, Nikon would donate the sum of €2. The final number of submissions was 17,636, more than for the previous contest, and so the total sum donated was €35,272 (approximately ¥5.7 million). Nikon is considering further activities in cooperation with Right to Play in future.



Presentation of the donation to Right to Play

■ Mariners-Nikon Social Responsibility Program

In order to provide opportunities for children to watch baseball games, Nikon implemented a social responsibility contribution program in cooperation with the Seattle Mariners, a Major League Baseball team, in the 2007 season.

As part of this program, Nikon donated its COOLPIX digital cameras to local Seattle elementary schools. The presentation ceremony was held before the game at Safeco Field (the Seattle Mariners' home stadium). After taking



Presentation of digital cameras at Safeco Field

part, the children who represented each school had their photographs taken with a team member, and then they were able to watch the game. For other Mariners' games too, Nikon and the Seattle Mariners have invited many local schoolchildren so that they can experience the excitement of watching baseball close-up.

Nikon will continue these activities in the 2008 season so that even more children will have the opportunity to go to a baseball game.

■ **Nikon Optics Research Department at Tokyo University**

A Nikon Optics Research Department has been established at Tokyo University. Sponsored by Nikon, this enables students to study topics that are not normally given priority at university: geometrical optics, aberration theory, and even practical lens design. The department offers tuition in a wide range of subjects that are in demand by the optical industry, including advanced ultra-high resolution optical technologies based on wave optics, and image-processing technologies employed in digital cameras. Through sponsoring education in optics with direct industrial links, Nikon hopes that many students will gain a deeper understanding and sense of affinity with the optical industry. The aim is to nurture top-class engineers who will lead Japan's optical industry in the future.

A class entitled "Let's try designing a camera lens" was held as a 2007 Spring Semester open seminar. In the Fall, as well as running a graduate course in optical engineering, Nikon participated in CORAL – an educational consortium for advanced laser science established in the scientific research department of Tokyo University at its Hongo campus – and conducted a pilot class entitled "Lens Design: From Basics to Praxis".



Students attend a sponsored course

■ **Supporting education in cooperation with local communities**

As part of its proactive social contribution activities aimed at fostering the next generation, Sendai Nikon has teamed up with local junior high schools and high schools for children with special needs to offer their pupils the opportunity to

learn firsthand at its facilities. The company has also invited over 10 elementary, junior high, and high schools in the neighborhood. On these visits, the children are provided with talks on environmental activities.

Sendai Nikon employees strive to create a close relationship with the local community, for example by giving talks as part of the Sendai City Children's Science Program.



Nikon staff with children taking part in the Sendai City Children's Science Program.

Supporting the International Community and Communities Suffering from Natural Disasters

■ **Support for UN-related groups and medical-care/welfare groups**

Nikon provides assistance for groups supporting the activities of the United Nations. Also, Nikon sponsors activities related to medical aid and support for the disabled. In the year ended March 31, 2008, Nikon provided support to the following organizations:

Group related to the United Nations

- Approved specified nonprofit organization: Japan Association for the United Nations World Food Programme

Medical care and welfare groups

- Foundation: Japan Anti-Tuberculosis Association
- Foundation: Children's Cancer Association of Japan
- Foundation: Japan Sports Association for the Disabled (International Wheelchair Basketball Tournament)

■ **Responding to large-scale disasters**

To provide assistance for victims of the Chuetsu offshore earthquake of July 2007, and of the Bangladesh cyclone of November 2007, Nikon donated a total of ¥6 million via the Japanese Red Cross Society.

■ **Cosponsoring the Special Olympics**

At the Fourth Special Olympics* in Yamagata in March 2008, Nikon Essilor provided spectacle lenses free of charge to the

Relationship with Local Communities



Visual acuity testing

athletes for the duration of the event. This was to assist one of the health check programs organized to promote the athletes' fitness and ability to compete. Nikon Essilor will continue to provide such support for future events.

* Special Olympics (SO) is an international sporting organization that provides persons with intellectual disabilities with opportunities to partake in sporting activities and holds tournaments where they can display their sporting skills.

Contributing to the hospital ship "Africa Mercy"

The international charity Mercy Ships provides free medical care and educational programs in developing countries. Its ship, the "Africa Mercy" is a fully functioning hospital, complete with medical equipment, doctors and nurses. It offers free surgeries to people who would otherwise not receive such treatment due to poverty or lack of availability.

In 2005, Nikon UK, with Lord McColl, donated a Coolscope microscope to the hospital ship "Anastasis", and when this was replaced by "Africa Mercy" in 2007, the microscope was transferred. The Coolscope enables transmission of pathology sample images from the hospital ship to a consultant pathologist in the UK via satellite link for faster diagnosis and advice. Nikon UK has also donated several cameras for the PR department and binoculars for the Captain, and is currently negotiating the donation of three additional clinical microscopes.



Hospital ship "Africa Mercy"

Supporting Protection of the Global Environment

Cosponsoring the 16th International Children's Painting Competition on the Environment

The International Children's Painting Competition on the Environment is organized by the Foundation for Global Peace and Environment (FGPE), and cosponsored by the United Nations Environment Programme (UNEP), Bayer AG (Germany), and Nikon. Children from across the world are invited to submit pictures with an environmental theme to this contest, which was held for the 16th time in 2007.

The theme for 2007 was climate change. The number of submissions increases year by year, and this time over 12,000 pictures were sent in from over 100 countries.

The prize-giving ceremony was one of the events organized to mark UN World Environment Day, June 3, 2007, and took place in the Norwegian town of Tromsø, located inside the Arctic Circle. The winner of the global category and the top prize winners of the six regional categories were invited to the ceremony and presented with plaques and prize money by Crown Prince Haakon of Norway and UNEP Executive Director Achim Steiner.



First-prize went to this work by Charlotte Sullivan (11 years old, from the United Kingdom).



At the prize-giving ceremony in Tromsø, HRH Crown Prince Haakon of Norway can be seen in the center, second row.

Support for the Nature Conservation Society of Japan

Nikon is a co-sponsor for the AKAYA Project organized by the Nature Conservation Society of Japan. AKAYA is the first program in Japan aimed at regenerating biological diversity; it conducts its activities in cooperation with the government and local citizens, as well as with nature conservation groups. As in 2006, Nikon has supported the project mainly by supplying fieldscopes, binoculars, cameras and other Nikon equipment. The company also loaned equipment for a joint survey carried out in the Akaya woods in October 2007 by a group studying the golden eagle — a protected species in Japan that is also endangered.



Survey being conducted for the AKAYA Project

Interaction with Communities Around Nikon Plants

■ Ohi Plant

In May 2007, Nikon's Ohi Plant participated in the Shinagawa ECO Festival 2007, an event hosted by Shinagawa Ward, Tokyo. This annual festival is held to discover the joys and importance of solving environmental issues around us. Ohi Plant staff organized a booth demonstrating nature observation using Nikon equipment; they also held a workshop so visitors could create magnifying glasses from discarded spectacle lenses.

In September 2007, Ohi Plant participated in the Community Building Project Exhibition 2007, an event organized by the Shinagawa Ward Office to stimulate communication between the community and local corporations. Nikon products were made available for observing nature and taking commemorative photographs.

The Ohi Plant has also supported activities designed to enhance the technical capabilities of local enterprises. Shinagawa Ward acts as an intermediary to facilitate contacts between companies operating in the ward, and as a result of such contacts Nikon engineers provided local firms with technical

instruction in basic manufacturing skills.



Shinagawa ECO Festival 2007

■ Yokohama Plant

Nikon cosponsored a Yokohama city project to generate electricity using a large-scale windmill, which started operating in April 2007. In connection with this, Nikon's Yokohama Plant took part in a symposium held in June to commemorate the completion of the wind power generation facility, setting up a special booth and demonstrating how Nikon products can be used for observing nature.

■ Sagami-hara Plant

In October 2007, the Sagami-hara Plant invited 90 schoolchildren in the fifth year at a local elementary school to tour the factory and gain firsthand experience of lens inspection and other tasks. This was the first time that Nikon has included hands-on experience of the inspection process, and the children were thrilled by it.

As a corporate sponsor in the Sagami-hara Environment Improvement Society, the Sagami-hara Plant participated in the Environment Fair 2007, a local festival held in May 2007.

The event proved to be a great success, attracting over 2,000 visitors.



Booth at the Environment Fair 2007

■ Mito Plant

In 2007, the Mito Plant again took part in the annual Hinuma Beautiful River Cleanup campaign, and in the Environment Fair organized by Ibaraki Prefecture. Mito Plant is very active in the local community: in August it fielded a Nikon Nature Observance Corner at the Mito Environment Fair hosted by Mito City; in December Nikon staff took part in the Ishikawa River Cleanup campaign organized by the Mito City Department for the Environment; and Nikon also loaned equipment for the Environment Class run by the Mito City Environmental Protection Council.

Furthermore, Nikon ran a stargazing party as a cosponsor for the summer festival organized by a local housing complex residents' association.

And as another example of the wide scope of its activities, the Mito Plant organized a Nikon Nature Observance Class at the Cub Beaver Rally 2007 hosted by the Federation of Boy Scouts of Japan (Ibaraki Prefecture).



Environment Class hosted by the Mito City Environmental Protection Council.

■ Cleanup activities around plants

In May 2007, the Kumagaya Plant cleaned up the square by the south exit of JR Kagohara Station, the local railway station. In May and December, working with the Kumagaya Industrial Park Association, Nikon staff picked up rubbish around the plant's perimeter, sorted out empty cans, etc., and also removed weeds.

Like the Kumagaya Plant, other Nikon plants and Group companies cooperate in improving the local environment, organizing cleanup activities to remove litter in the neighborhood, from flowerbeds, and along commuting paths.



Cleanup activities at the Kumagaya Plant