

Voice

Making each employee more aware of compliance

Compliance issues span a wide area, and it is essential for each employee to be aware of the importance of compliance to prevent problems. I am in charge of creating and dispatching the in-house compliance newsletter, in which I introduce incidents that could take place in any of our workplaces so that readers will think about compliance as something that affects them directly. I would like to continue with effective activities in cooperation with workplace compliance facilitators.



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Preventing violations

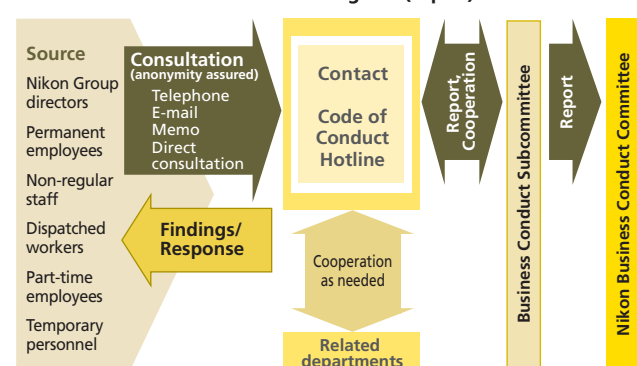
The Nikon Group takes disciplinary action against all violations of the working regulations of each Nikon Group company and the Nikon Code of Conduct based on its in-house disciplinary rules after investigating and confirming the facts. In the year ended March 31, 2010, disciplinary action was taken against three cases of violation at Nikon Corporation and three at Group companies in Japan. In order to prevent the recurrence of similar problems, the circumstances and basic details of the disciplinary action are disclosed internally.

Consulting/Reporting system

The Nikon Group established the Code of Conduct Hotline as a central point of contact for employees of domestic Group companies wanting to discuss a situation that might run counter to Nikon Code of Conduct. In the year ended March 31, 2010, the hotline was used 25 times, and these matters are now being dealt with in cooperation with the relevant departments.

The Code of Conduct Hotline protects the privacy of its users and ensures that they do not experience any prejudicial treatment. In June 2009, we revised some of the operating rules to improve confidentiality and once again promoted awareness of the hotline among employees. Outside Japan, almost all Group companies have similar hotlines in place.

Code of Conduct Hotline Flow Diagram (Japan)



Risk management activities

Implementing a Risk Management PDCA Cycle

We are managing risk comprehensively and implementing measures for the continuous advancement of the Nikon Group.

Main achievements for the year ended March 31, 2010

- Conducted information management audits in September and reported the results in February
- Began operating a system to manage information on contacting employees assigned overseas
- Reviewed the action plan and increased the reserve of goods used to prevent pandemic influenza
- Formulated operational guidelines to manage the provision of technical information

Major targets for the year ending March 31, 2011

- Support the establishment of information management systems by Group companies within and outside Japan
- Expanded the overseas business travel management system to Group companies in Japan
- Maintain and update the BCM system for large earthquakes and pandemic influenza through a PDCA cycle

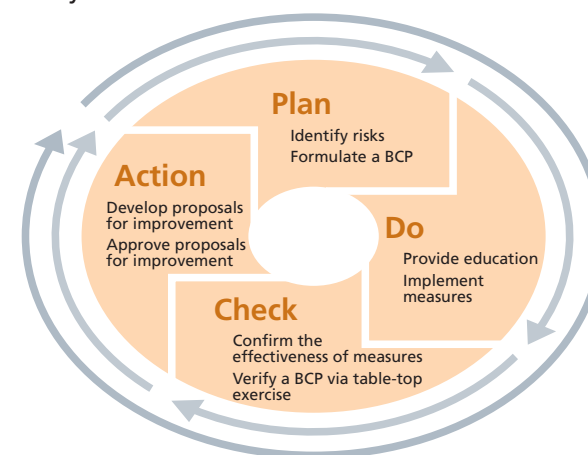
Risk Management System

The Nikon Group has its own Risk Management Committee. This committee identifies risks that could impact the Group's management, formulates countermeasures against those risks, implements a range of measures to minimize the damage that could be caused if a risk materializes, performs constant monitoring, and manages the risks by executing a PDCA cycle. At present, the committee is also working to improve information security, management of risks for employees assigned overseas, and pandemic influenza.

The Nikon Group regards it as part of its social responsibility to ensure business continuity and has established an Integrated

Disaster Prevention and BCM Committee to deal with risks associated with large earthquakes and fires. We have also built a BCM system targeting not only our bases in Japan but also manufacturing bases in Thailand and China, while formulating BCPs for our core businesses. In the year ended March 31, 2010, we formulated a BCP for pandemic influenza, while ensuring appropriate export control through the Export Control Committee.

PDCA Cycle for BCM



Major Risk Management Activities

Information resources risk management

Based on the Nikon Group Information Management Rules, we are taking measures globally to prevent information leakage. In particular we strictly control access to personal information. Nikon Imaging Japan Inc. has obtained approval to use the PrivacyMark from Japan Information Processing Development Corporation.

We have distributed the Nikon Group Information Security Handbook to employees to ensure that each of them complies with the rules based on a full understanding of the importance of information management. In addition, we hold information management audits twice a year in Japan to constantly increase employees' awareness of the rules.

In the year ended March 31, 2010, we built a system to mitigate and prevent information leakage, inspected information management at Group companies outside Japan, and provided employees of Group companies in Japan with e-learning sessions.

For the revision of information management rules of Group companies outside Japan, after having interviewed each company, it was decided that the rules would not be revised but the schedules for implementing important items of information management would be established; however, we were unable to complete this task in the year ended March 31, 2010.

To prevent insider trading, we began full-scale

implementation of the Nikon Group Insider Trading Rules, which we established in March 2009. By managing information and ensuring compliance in this way, we are working to further enhance our system to comply with laws and maintain society's trust in the Group.

Overseas risk management

As the Nikon Group expands its business on a global scale, the number of employees who are assigned to various regions of the world or make overseas business trips has been increasing year by year. We have expanded the emergency support system we established to help these employees deal with region-specific risks (illness, disasters, accidents, and crime) to include employees locally employed by Group companies.

We are enhancing our information system to communicate smoothly with employees assigned overseas in case of emergency, and hold emergency drills to reduce the risks they may face.

Enhancing export controls

Following the revision of the Foreign Exchange and Foreign Trade Act of Japan in November 2009, Nikon Corporation formulated a new set of operational guidelines to manage the provision of technical information. Based on the guidelines, we are enhancing our export controls, including controls over sending out e-mails. We are now striving to have all employees of the company become aware of and comply with the guidelines, and we will apply the guidelines to Group companies in Japan in the future.

Measures against pandemic influenza

With the global outbreak of pandemic influenza (H1N1) in 2009, we established an emergency preparedness headquarters headed up by the president of Nikon Corporation to prevent the infection and the spread among employees of the Nikon Group.

Based on this experience, we will continue to prepare and implement measures against pandemics, including the second wave of the H1N1 virus and the spread of highly pathogenic influenza.