


# External and Internal Evaluation

## Awards Won in the Year Ended March 31, 2010

- September 2009 : Nikon CSR  REPORT 2008 recognized as Notable COP by the UN Global Compact  Office
- October 2009 : Ranked in the fifth place in the Nippon Foundation's selection of 100 admirable CSR-oriented Japanese companies
- February 2010 : Received the highest evaluation in a CSR survey on digital cameras conducted by consumer organizations in Europe  
\* The survey was conducted with the participation of 10 organizations from 10 countries belonging to the International Consumer Research & Testing Ltd.
- February 2010 : The institutional investors who were signatories to the UN Principles for Responsible Investment (PRI)  praised Nikon Corporation as one of the leaders that are producing high-quality sustainability reports deemed useful for investors.

## SRI Listings (as of March 31, 2010)

Nikon is included in the FTSE4Good  Japan Index in recognition of its commitment to CSR.



## Communication through the CSR Report

We received comments on our previous CSR report from a total of 4,772 employees of Nikon Group companies in Japan (including directors and dispatched workers). Opinions were shared among the departments and referred to in creating this

report. In the future, we need to ask a wider range of stakeholders other than employees to give us their opinions on our CSR report. We will continue with effective CSR activities and create CSR reports that have high transparency.

### Opinions from employees

#### About the format

The main font size used was too small to read comfortably. The report had too many pages.

#### About the content

The environmental performance data tables were difficult to understand. Some explanation might be useful. Some unfamiliar abbreviations and foreign words made the report difficult to read, which could be improved by giving some explanation of them.

How about giving a bit more detail on the businesses of the Nikon Group?

I would like to see more specific examples of initiatives in the report.

It was helpful to be made aware of the Nikon Group's activities across a wide range of fields.

As an employee of Nikon Corporation, I feel that it is important for me to foster these activities.

I can understand the views of employees whose comments appeared in the Voice column.

### Improvements made to the 2010 report

#### About the format

The font size was increased and the number of pages was reduced. We also published a digest version.

#### About the content

We created a glossary for the report and added a section on our business activities and CSR as the second feature article.

#### Previous report sections in which readers were particularly interested (top three)

Feature Article—Becoming a Truly Outstanding Company through a Global Warming Prevention Project  
 Product-related Activities  
 Nikon's CSR Activities

#### Sections which readers felt difficult to read (top three)

Developments & Advancements in Nikon's CSR Activities  
 Relationship with Customers  
 2008 Highlights

# Third-party Comments

I was pleased to see that this report is an honest statement of the situation, just like the previous ones. Nikon Corporation is making steady progress by designing and implementing a detailed dialogue while sharing its understanding with and increasing the involvement of its stakeholders. The company identifies what needs to be improved by conducting an awareness survey of its employees. It encourages them to discuss the problems the survey identifies in their workplaces and monitors how their opinions and actions have changed in the next survey. This successful process could be adopted by other companies.

After reading this report, I can see that Nikon Corporation is holding dialogues with other companies in the Nikon Group and its overseas bases to make progress. It is four years since I first gave an opinion on the Nikon CSR report, and my trust in the company has been increasing because it responded appropriately to my input. For example, the company implemented specific measures on biodiversity in response to the comment I made on its last CSR report, and I can see that the company is using CSR as a means to communicate with society by seeking more opinions on the important issues, while reporting on current internal discussions, to give society more confidence.

I am especially pleased to see that the company has set numerical targets for their schemes to support female employees and have formulated specific measures to that end. I expect the company to make good use of the diversity in its range of employees because it respects that diversity.

In the following, I will list four improvements that could be made to the report. First, the report needs to clearly show specific results as well as future measures and actions on issues such as modal shift and CSR-oriented procurement, in addition to introducing the overall systems and plans to deal with those issues.

Second, priority issues for the world and society must be

addressed in the report in an easy-to-understand but stimulating manner. With regard to global warming, one of the most important themes in our age, the report introduces some of the measures taken by Nikon Corporation, but it also needs to show a company-wide recognition of the present situation, analyze the factors that are causing it, and clearly state how the company intends to deal with it.

Third, I want the next report to show the general direction in which the company is moving. It seems that the company has achieved a reduction in its environmental impact within Japan, greatly helped by a decrease in the production volume, but what will happen when the economy recovers? What policies will the company follow in continuing to expand its business overseas? I would like to know what forward-looking measures Nikon Corporation has for the future.

With regard to the medium- to long-term targets for preventing global warming, it is too risky for the company to wait for the Japanese government to announce national targets before it fixes its own targets. Regardless of the government's decision, global warming definitely needs solving and I hope that the company will set its own targets without being influenced by political trends.

Fourth and last, some improvement could be made to the company's relationships with its stakeholders. I want the company to use the experience it has gained in building good relations with its own employees to form better relations with its suppliers, local residents, NGOs, and other stakeholders.

I believe that Nikon Corporation will make further progress as it deepens and expands its dialogue with its stakeholders.

**Junko Edahiro**

Founder and President, e's Inc.  
Co-Founder and Co-Chief Executive,  
Japan for Sustainability (JFS)



This report successfully communicates the Nikon Group's priority issues in a comprehensive manner and clearly describes its achievements in terms of environmental protection, legal compliance and social contribution. It is highly commendable that the report makes clear the Nikon Group's consistent commitment to CSR in spite of the rapidly changing business environment. The Nikon Group also enjoys a high external reputation, as demonstrated by the fact that Nikon was ranked top in a CSR survey of digital camera manufacturers conducted by a consumer organization in Europe. The current situation provides the Group with a good opportunity to further strengthen its CSR endeavors. In the following, I would like to point out some issues that the Group needs to tackle to make further progress with CSR that I have identified by reading through this report.

First, the Group needs to further advance its socially responsible human resource-related policy. The targets set for many of its diversity, human rights and labor environment issues are generally vague and thus are difficult to evaluate. In addition, the fact that disclosed information is confined to that of regular employees shows there is room for improvement. The Group should make public information relating to non-regular employees such as dispatched workers, who are important stakeholders supporting the company. In terms of the global aspect of human resource issues, the importance of which is expected to increase, the scope of the Group's activity should be widened and transparency should be enhanced. For example, diversity enhancement activity basically encompasses only regular employees in Japan. The reported ratio of female managers also relates to the Group's Japan operation only. As regards socially responsible procurement, while the environmental aspects are well taken into account, progress on the social front seems rather slow. For example, whereas the number of companies audited for green procurement is clearly stated and specific details are provided, no compatible data is provided about social issues. Regarding specific activity, the awareness raising effort among suppliers undertaken by the Group, is certainly an important step forward, but it is also crucial to know the current situations of suppliers and urge them to make improvements where necessary. The core of CSR for a company is to

ensure that all its employees across the world and the people working in its supply chain are treated fairly and can work with hope. To this end, the Nikon Group needs to establish common personnel policies across the globe and actually implement them.

Regarding environmental measures, a future task for the Nikon Group is to clearly separate its efforts to ensure legal compliance from its voluntary environmental measures in the CSR report. Some of the lead-free measures introduced in the report seem to have been taken to comply with the law, which requires all companies to take similar measures. In that regard, the report must provide more accurate information. The problem of the information disclosure scope being limited to Japan, which was observed in the social issues section, is also seen in the environment part although to a lesser degree. Some data concerns only operations in Japan, this should be improved.

In terms of overall direction of the report, I would like to make two points. One is that although the feature articles on "the Group's business activities and CSR" are truly interesting, if business frontline efforts on specific CSR issues such as the labor environment had been introduced as well, readers of the report would be able to get a clearer picture of the Nikon Group's CSR activity. I also hope that the next report will include descriptions of issues on which the Group's efforts were not necessarily sufficient in addition to listing the achievements of the Group. It is impossible for any company to fulfill its CSR responsibilities completely. Society's expectations continue to rise and companies are trying to meet the expectations by trial and error. Sharing its problems with stakeholders would enable the Nikon Group to discover new solutions and increase the credibility of the report. In addition to the points I have raised above, it is important for any company to understand the current values of the society in which it functions and incorporate them into the global management of its business. I expect that meeting its CSR targets will essentially help the Nikon Group achieve further growth on a global scale.

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## Nikon Corporation's response to comments made by Ms. Edahiro in its last CSR report

	Comment made by Ms. Edahiro	Nikon Corporation's response
Support for female employees	"I hope that the company will press forward with these measures, formulating their future vision and setting a numerical target, if possible."	We set the following numerical targets: <ul style="list-style-type: none"> <li>Percentage of female employees: Increase it to 10% of the total by the end of March 2013 (8.8% as of March 31, 2010).</li> <li>Percentage of female managers: Double it by the end of March 2015 (22 as of March 31, 2010).</li> </ul> At Nikon Corporation, the aspirations for female employees were articulated through a project conducted by employees in the year ended March 31, 2008, and those aspirations were communicated to management, but no numerical targets were set. We will share those aspirations within the company and move ahead with achieving numerical targets as suggested above.
Global warming	"I very much hope that the company will set targets and visions for preventing global warming on a long-term basis."	We have had repeated discussions on long-term numerical targets but have not yet made a decision because there are still many points to be clarified in meeting such targets in a responsible manner. However, we have confirmed through these discussions that the Nikon Group will proceed with environmental management on a medium- to long-term basis in line with international trends and Japan's medium- to long-term targets, and have reconfirmed the importance of implementing anti-global warming measures for our products throughout their lifecycles. We will continue examining our long-term numerical targets as we implement these measures.
	"It is also necessary for the company to take on the challenge of building a system to encourage employees to actually take action in preventing global warming."	In the year ended March 31, 2010, we established a program to commend employees who made contributions to preserving the environment. Also, in our activities to promote awareness of CSR targeting employees of all Group companies in Japan, we have made it obligatory that they should discuss in the workplace the kinds of activities to reduce CO <sub>2</sub> emissions that they can start immediately.

	Comment made by Ms. Edahiro	Nikon Corporation's response
Biodiversity	"I hope that the company will introduce more specific ideas about biodiversity in its future CSR reports, including a report on how it is dealing with biodiversity in its business operations."	We revised the Nikon Basic Environmental Management Policy to clarify our ideas about biodiversity. In addition, we added an action plan on biodiversity to our three-year environmental action plan that starts in 2010. We will implement measures for biodiversity based on that action plan.
Economic aspect	"As for external relations, I want the company to seek more interactive communication with local communities in addition to fostering its philanthropic and volunteer activities."	In order to implement more measures to fulfill CSR through business, we appointed staff in charge of CSR in our in-house companies too. As last year, we focused on China and provided the CSR staff of our Group companies in that country with the necessary training to help them with their CSR activities. We are implementing localized CSR activities across the world, but we need to make communication more interactive in the future.
Communication	"The company needs to communicate in which direction it is moving, instead of using rhetorical expressions that sound like advertising slogans, and I hope that the company will resolutely implement the PDCA cycle for environmental management using the CSR report as a communication medium."	In the year ended March 31, 2010, we distributed a questionnaire on the opinions of employees of Group companies in Japan on the Nikon CSR REPORT 2009, and received responses from about 4,800 employees. We used the comments made by Ms. Edahiro and the respondents as a basis for improving the CSR report and the related website. As a result, our report was very well evaluated by external organizations such as the UN Global Compact Office. We have been and will continue to use the CSR report as one of the tools in our PDCA cycle.