

Highlights

Educating Employees and Fostering Their Understanding on the UN Global Compact

In 2007, the Nikon Group expressed its support of the UN Global Compact.

In the fiscal year ended March 31, 2011, we conducted training for all employees in the Nikon Group to develop understanding about the 10 principles of the UN Global Compact.

Education at Overseas Group Companies

For employees at overseas Group companies, we provided education through “Compliance facilitators” who have been assigned for various companies and regions. Offering translated materials as needed, our goal was to have all employees complete the education program. By the end of fiscal 2011, 28 out of the 32 consolidated companies in the Nikon Group completed the program. Three companies are set to finish by the end of June 2011, and one company is in the process of creating a CSR promoting system.

In the coming year and thereafter, we will make sure that all employees complete the program, and we will also provide educational opportunities for entry-level and mid-career recruits.



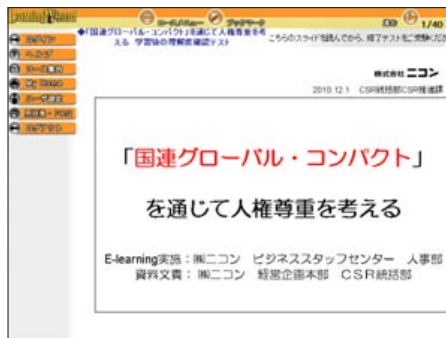
Posters displayed at Nikon (Thailand) Co., Ltd. (during “CSR & Safety Week” held in February 2011)

Education at Group Companies in Japan

In Japan, we educated employees using our e-learning system, which can also be used by Nikon Group companies. In the fiscal year ended March 31, 2011, we focused on the human rights principles of the UN Global Compact, and held educational sessions in conjunction with the international Human Rights Day in December. As of March 31, 2011, 12,281 trainees out of 13,435 completed the program—a completion rate of 91.4%. The remainder includes employees on long-term overseas business trips, employees on childcare leave, and Group companies whose employees have not been counted due to the Great East Japan Earthquake.

In the coming year and thereafter, we will encourage all employees to complete the program and also provide opportunities for entry-level and mid-career recruits to attend.

At the same time, Nikon Corporation conducted e-learning entitled “Working Hours and Nikon Corporation’s Child and Family Care Systems” to increase our employees’ understanding of work-life balance and encourage them to make use of these systems.



A screen image from the e-learning used for Nikon Group companies in Japan



Overseeing e-learning programs for human rights education

I played a role in the secretariat to organize e-learning sessions for all Nikon Group employees in Japan called “Human Rights in the UN Global Compact,” to instill an understanding about the 10 Principles of the UN Global Compact to the employees. We have also developed a paper-based study system for employees without adequate access to the Internet. I found the experience this time to be very valuable since I hadn’t had enough knowledge before about human rights. I will continue to promote understanding of human rights by using e-learning system.

Yuichi Hatakeyama Career Development Section, Human Resources Department, Business Administration Center, Nikon Corporation

Voice

Global Management of Issues Related to Human Rights and the Labor Environment

In an initiative aimed at developing our global management system for human rights and labor environments which are issues of great social concerns—Nikon Corporation continues to monitor Nikon Group companies to comprehend their situation and identify challenges in this area.

►Monitoring Group Companies

In March 2010, we conducted a CSR[□] survey of all Nikon Group companies (59 companies in total) to strengthen management of human rights and labor-related issues. This is the first comprehensive questionnaire directed at assessing the performance of each company using common indicators and terms provided by the GRI guidelines.[□] While no problems with regard to child labor or enforced labor were identified and no serious issues were discovered overall, some questionnaires revealed a need for improvement in small areas. For those issues, we have taken necessary actions, such as asking a company in question to make improvements.

In the fiscal year ending March 31, 2012, we will conduct another survey to shed light on the challenges involved in promoting the advancement of women in the workplace and of physically and intellectually challenged employees. We will continue our annual monitoring initiative and use these surveys to understand company performance, review our management policies, and raise sensitiveness to these kinds of issues at each group company.

►Personnel System

Nikon Corporation classifies employees into three levels (Junior Staff, Senior Staff, and Professional/Management) according to their abilities, and clearly states their respective responsibilities. When deciding to promote employees to a higher level, the company conducts an examination to check whether they fulfill requirements of each level. We have a dual-track system, where employees are given the opportunity to choose whether to work as a specialist and make use of their knowledge and skills, or as a manager who serves as an organizational leader. To make use of this system and support employees in their career development, employees who are soon to make a choice between the two can attend career planning sessions. Performance-linked grades are also set for each of these levels to create an environment where work can be carried out with a constant awareness of objectives and feeling of purpose. In addition, the company has a system under which subordinates meet with their managers to decide on the targets they will pursue. This system helps employees understand the results of their performance evaluation as well as nurture and develop their individual abilities.

►Human Resource Development

Nikon Corporation has built its training system based on the following three ability indicators linked with its personnel system: target setting and achievement ability; communication ability; and educational ability, and offers a range of educational courses and systems for employees to receive skill-up training according to their level and job details. Employees of Group companies in Japan also participate in the training provided by Nikon Corporation. In the fiscal year ended March 31, 2011, Nikon Corporation held a total of 165 stratified training and business skills training courses, which

were attended by a total of 3,889 employees. In addition, 176 engineer training courses were held for a total of 2,663 employees. The average Nikon Corporation employee spent 1.97 days in training during the year. Group companies also implement their own human resource development and training programs.

Developing Our Global Human Resources

As business environments globalize and the demand for global human resources who can drive innovation and business expansion in international markets grows more pressing, Nikon Corporation is building the optimal system to develop human resources.

Since the fiscal year ended March 31, 2011, our first group of trainees took part in language training for the “Overseas Exchange Training Program” implemented in emerging nations. One of four students in the class finished the program and has already been transferred abroad. The remaining three are continuing training and making other preparations for their transfer.

Age-based Career Training

At Nikon Corporation, we believe it is vital for our employees to have a long-term, objective view of their work lives and to strategically plan the way they want to live and work if our employees and our company are to grow and develop together. For this purpose, we provide career training for employees in different age groups. In the fiscal year ended March 31, 2011, we held five career training sessions for 30-year old employees (98 attendees in total), and held trial sessions for 40-year old and 50-year old employees with plans to offer full-fledged training for these age groups in the future.

►Labor-Management Relations

Nikon Corporation has two labor unions, each comprised of Nikon Corporation’s regular employees: the Nikon Labor Union (a member of the Japanese Association of Metal, Machinery, and Manufacturing Workers (JAM), which is mostly made up of small and medium-size companies in the metal industry), and Nikon Chapter of the All-Japan Metal and Information Machinery Workers Union (JMIU). Labor-management relations are stable and problem free.

As of March 31, 2011, the Nikon Labor union has 5,169 members and the JMIU Chapter eight, which totals 5,177. The company and the unions discuss various issues related to the labor environment, hold joint study meetings, and exchange opinions as necessary. At Nikon Group companies in Japan, Nikon Labor Union chapters and employee-elected representatives serve the same function. At overseas Group companies, problem solving is facilitated either by the company’s in-house union, through membership in an outside labor union, or at companies with no labor union, through information sessions held for all employees, discussions with employee groups, or one-on-one talks with individual employees. As a result, labor-management relations at this moment are largely in good condition. When a substantial change is made to an

Labor Environment for Employees

employee's job, Nikon Group discusses the matter with his/her union, obtains its prior approval, and then takes time to communicate it to the employee. In the fiscal year ended March 31, 2011, Nikon Group's personnel system was revised following labor-management discussions at a number of Group companies.

► Health and Safety of Employees

Health and safety activities for all members

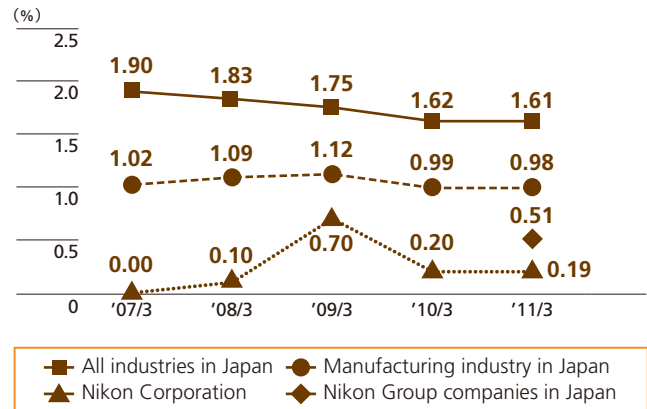
Nikon Corporation maintains "Policies for Health and Safety" to secure the Health and Safety of its employees—the foundation of all corporate activity—and to be a vibrant corporation where everyone feels safe and lives actively. In addition to having a statutory Health and Safety committee, Nikon Corporation has its own special Central Health and Safety Committee, which investigates and deliberates on matters related to the company's Health and Safety policies and on the basic measures taken to maintain and promote employees' health. This committee is composed of representatives of both labor and management to ensure that the opinions of employees are actively incorporated into the measures implemented by the company. At all its workplaces, a set of health and safety targets have been formulated based on the workplace goals and policies, and relevant activities are conducted with the participation of all members. Moreover, all workplaces are reducing their risk factors through risk assessments. As a result of these activities, Nikon Corporation and Group companies in Japan have a far lower frequency of work-related accidents than the manufacturing industry's national average.

Last fiscal year, Nikon Corporation's Sagami-hara Plant and Sendai Nikon both received 2010 Ministry of Health, Labour and Welfare Award. These awards are presented to industrial operations recognized for having exceptional health and safety standards and exemplary improvement measures. Both were praised for their outstanding performance, Sagami-hara Plant for its employee health maintenance and improvement program and Sendai Nikon for maintaining a safe working environment.

Policies on Health and Safety for the Year Ended March 31, 2011

- Goal: A healthy, safe, vibrant corporation through deeper communication
- Policy 1: Giving consideration to safety—Do not disregard unsafe behavior.
- Policy 2: Promoting activities to improve health
- Policy 3: Encouraging the creation of comfortable workplaces

Frequency Rates of Lost Time Accidents at Nikon Corporation and Group Companies in Japan



Award Ceremony of Health Labor and Welfare Award: Director of the Sagami-hara Plant (right)

Health and safety initiatives at overseas Group companies

Nikon U.K. Ltd. encourages employees to participate in sessions on stopping smoking. The sessions take place once a week during lunchtime, for six weeks, and offer participants free advice from professional stop-smoking advisors, recommendations of stop-smoking products, weekly carbon monoxide testing, etc. The event aims to assist employees in improving their health by stopping smoking. Nikon (Thailand) Co., Ltd. in September 2010 was awarded OHSAS 18001 certification, an international certification standard for occupational health and safety management systems (see p. 15). Nikon Group companies are implementing their own measures to help employees improve their health.

Preventing damage to health from overwork and promoting mental health

Nikon Corporation places great importance on protecting its employees from the health-damaging effects of overwork and on caring for their mental health. We are particularly diligent when it comes to mental health care. Initiatives include development of a consultation system, screening employees for poor mental health at regular health examinations and following up on their results, educating our managers, and offering full support for those returning to work after a mental health leave. In the fiscal year ended March 31, 2011, we also sought to promote personal health maintenance by distributing a stress test tool to Group employees in Japan.

Raising health and safety management standards in the Nikon Group

Nikon Corporation is working to increase health and safety management standards by providing various types of training for employees in charge of health and safety at Group companies in Japan, and by implementing policies and measures related to health and safety through its Personnel and Administrative Affairs Meeting for Group companies in Japan. In the fiscal year ended March 31, 2011, we worked to prevent recurrences of similar accidents by creating a database of accident case data and posting the database on the Nikon Group intranet, allowing all Group companies in Japan to have access to such data.

Raising health and safety management standards across the entire Nikon Group has become a challenge in recent years as the number of overseas bases has increased. We are thus working toward an improvement as a first step by collecting basic data from overseas Group companies.

For employees assigned to overseas Group companies from Japan, we are improving our pre-transfer training program, hold regular health examinations during their stay abroad, and establish a follow-up system based on examination results. We also provide support for dealing with medical risks in foreign countries through coordination with international medical assistance services.


Promotion of Diversity Activities

We respect the diversity and human rights of employees with different backgrounds and treat them fairly, so that they can apply themselves to their work, display their abilities, and produce results as a team.

Our current efforts are focused on activities in Japan, such as supporting the progress of women in the workplace and on assisting people with disabilities.

Highlights

Diversity Training for Managers

Since the fiscal year ended March 31, 2008, Nikon Corporation has been working to improve its diversity management. Specifically, we held training for female employees on self-fulfillment, acquired approval to use the “Kurumin”  mark for childcare support, and revised our childcare leave system.

As the next step, in the fiscal year ended March 31, 2011, we put together a diversity training program for management personnel. This training focused on proper management of female employees—who

are in the minority in the workplace in Japan—and subordinates who are older in age, and included a review of scientific evidence. Eighteen managers participated in trial-based training in February 2011. In the coming fiscal year, we plan to hold five sessions, to be attended by about 100 managers.

We will continue to develop a common understanding of diversity management in our managers through training like this.

Thoughts after diversity management training

I thought I had a fair grasp of the concept of diversity, but to be honest, I wasn't at a level of understanding based on actual facts. Through this training, I realized that the basis of diversity management is first being aware of the differences between yourself and others, respecting those differences, and finally allowing those differences to flourish. I also realized that the synergies created through a mixing together of diverse people will make the Nikon Group a stronger organization.

Yusuke Kisugi Manager, Human Resources Section, Human Resources Department, Business Administration Center, Nikon Corporation

Voice



► Appreciating Diverse Work Styles


Nikon Corporation pursues a basic policy under which it develops systems and measures to enable employees to work with ease of mind, make the most of their abilities, and produce results as a team. We also strive to manage our employees' working hours in

consideration of the proper balance between work and personal life. With regard to dispatch workers, we position the staff based on staffing plans in each business unit and implement necessary training seminars. From among them, we hire such workers directly while respecting personal will and work details.

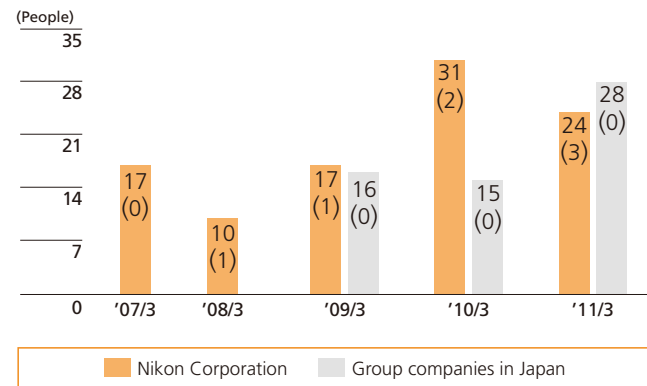


Labor Environment for Employees

Support for work-life balance

At Nikon Corporation, employees can take childcare leave for up to two years and work both flextime and for shorter hours to take care of their children and other family members. In the fiscal year ended March 31, 2011, in response to enactment of the revised Child Care and Family Care Law, we made it possible for employees to take child or family care leave on an hourly basis. The company thus provides support that exceeds legally required standards, and is approved to use the Kurumin  Mark. We are steadily making preparations to institute these systems in our Group companies in Japan as well.

Number of Employees Taking Childcare Leave



*Permanent employees and non-regular staff in the Nikon Group (consolidated).
*() Number of male employees in parentheses.

Reentry system

We recently started operation of a reentry (comeback) system for employees who have left the company for marriage, family care, spouse's job transfer, or for other unavoidable reasons. In the fiscal year ended March 31, 2011, seven employees registered and one employee came back to work under the system.

Telecommuting

Nikon Corporation is considering the implementation of a telecommuting system. Based on the past results of two trials for working at home, in the fiscal year ended March 31, 2011, we designated the departments which showed the most positive response as pilot groups and instituted a telecommuting system in those departments.

We plan to implement this system to increase work efficiency and provide more options for achieving a work-life balance.

Women in the Workplace

The Nikon Group employs and treats employees the same regardless of their gender. At Nikon Corporation, however, there are large differences between the numbers of male and female employees and managers. We regard this situation as a challenge to be tackled and have been proactively setting concrete numerical targets and implementing measures to create a corporate culture where female employees can develop and display more of their skills.

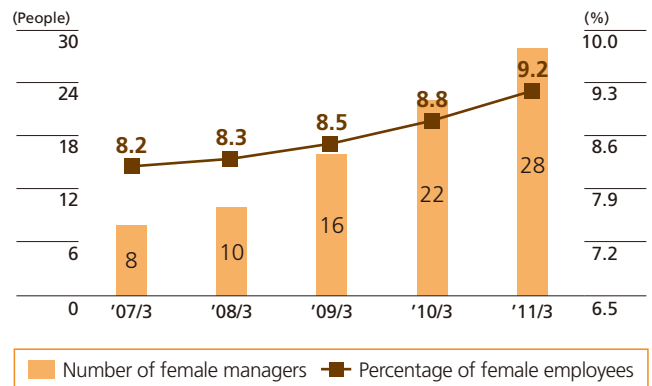
As one of the measures to support the advancement of women in the workplace, Nikon Corporation considers it necessary to increase the number of female employees. We have set a medium-term target specifically for percentage of women employees and, as part of our effort to meet the target, have been

active in our recruiting activities to employ more women. In the fiscal year ended March 31, 2011, we set a numerical target specifically for employment of female engineers but couldn't reach the target, in spite of the efforts such as active participation in recruiting events.

Numerical targets for promoting female advancement at Nikon Corporation

- Percentage of women in the total number of employees: achieve at least 10% by the end of March, 2013 (9.2% as of March 31, 2011)
- Number of female sectional and higher-level managers: 44 by the end of March 2015 (22 as of March 31, 2010)

Percentage of Female Employees and Number of Female Managers at Nikon Corporation



We also provided "self-fulfillment training" to help female employees develop their skills and business networks. Sixty one employees participated in this training in the Nikon Group in Japan for the fiscal year ended March 31, 2011, bringing the total number of participants since the program's launch to 341. At Nikon Corporation, 46% of employees have already attended this training. In addition, the company offers a counseling service for better work-life balance for certain female employees who are making their work and private life compatible. This counseling system helps employees improve their career while maintaining a good work-life balance, which will in turn help the company raise its employee retention rate.

We have also selected five Group companies in Japan to serve as model companies for promoting the advancement of women in the workplace, and in the fiscal year ended March 31, 2011, we set targets and implemented measures based on the situation at each company. Companies are taking their own approaches to this issue. For instance, Nikon Business Service has held meetings over lunch and tea to encourage communication between the President and female employees, and Nikon Systems has conducted preliminary trials for working at home.

For the Group as a whole, we periodically conduct surveys on the number of female employees and managers. In the fiscal year ending March 31, 2012, we will investigate actual condition of each Group company, including those overseas, in order to identify a specific problem to be addressed.

Percentage of Female Employees

Unit: %

	'07/3	'08/3	'09/3	'10/3	'11/3
Nikon Corporation	8.2	8.3	8.5	8.8	9.2
Group companies in Japan	—	—	16.7	17.0	17.0
Overseas Group companies	—	—	—	73.5	69.2

*Permanent employees and non-regular staff in the Nikon Group (consolidated). Includes Nikon Corporation employees who are temporarily dispatched to Group companies.

Percentage of Managers Who Are Female

Unit: %

	'07/3	'08/3	'09/3	'10/3	'11/3
Nikon Corporation	0.7	0.9	1.4	1.8	2.3
Group companies in Japan	—	—	0.8	1.7	0.8
Overseas Group companies	—	—	—	19.4	25.1

*Permanent employees and non-regular staff in the Nikon Group (consolidated). Includes Nikon Corporation employees who are temporarily dispatched to Group companies.

*Managers include section managers or their equivalent and higher

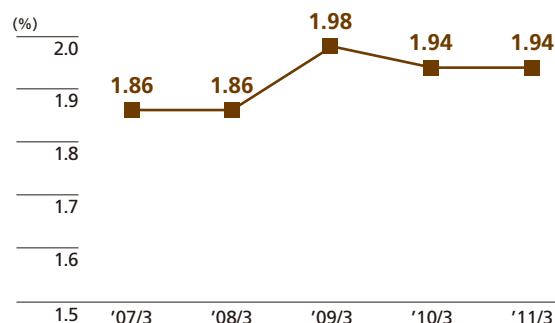
► Reemployment System for Retirees

Nikon Corporation has introduced an Active Senior Employee System, under which employees who meet certain criteria are given the opportunity to continue working for the company even after they reach the retirement age of 60. In the fiscal year ended March 31, 2011, about 70% of retirees were reemployed and are actively working for the Nikon Group. For employees who will soon reach their retirement age a Life Plan Seminar is held. The seminar, offers them an opportunity to consider about their own life planning after the retirement.

► Supporting People with Disabilities

Nikon Tsubasa Inc., a special subsidiary of Nikon Corporation established based on the Act on Employment Promotion etc. of Persons with Disabilities in Japan, celebrated its 10th anniversary in 2010. Its workforce has grown from an initial 10 disabled employees to 29 as of March 31, 2011 and it now also accepts orders from outside the Nikon Group. Supported by experienced staff and instructors, employees are engaged in works such as parts processing, packaging, assembly, and documents digitization. In August 2008, Nikon Tsubasa Inc. opened a worksite within the Sagami-hara Plant of Nikon Corporation where its employees inspect finished glass products. The Nikon Group companies in Japan are striving to give Nikon Tsubasa Inc. more orders for work.

In order to secure the statutory required percentage of disabled employees, Nikon Corporation, Nikon Tsubasa Inc., Nikon Systems, and Nikon Business Service applied to the authorities and had the approval of adopting special methods to calculate the rate. As a result, these companies maintain the statutory required figure. However, due to the enforcement of the above-mentioned law in July 2010, three Group companies in Japan do not reach the statutory required standard. For them, complementary levy is imposed according to "the Levy and Grant System."

Percentage of Disabled Employees at Accredited Group Companies

*National percentage is based on "Overview of Persons with Disabilities and Their Employment" published every year on June 1.

Turnover

Unit: people

		'09/3		'10/3		'11/3	
		Retirees	Others	Retirees	Others	Retirees	Others
Men	Nikon Corporation	111	50	133	59	154	78
	Group companies in Japan	16	81	19	62	42	56
	Overseas Group companies	—	—	17	160	17	154
Women	Nikon Corporation	10	8	4	7	3	11
	Group companies in Japan	3	39	2	29	1	14
	Overseas Group companies	—	—	2	80	10	61

*Permanent employees in the Nikon Group (consolidated). Excludes Group manufacturing companies outside Japan.