

Highlights Green Procurement in the Supply Chain

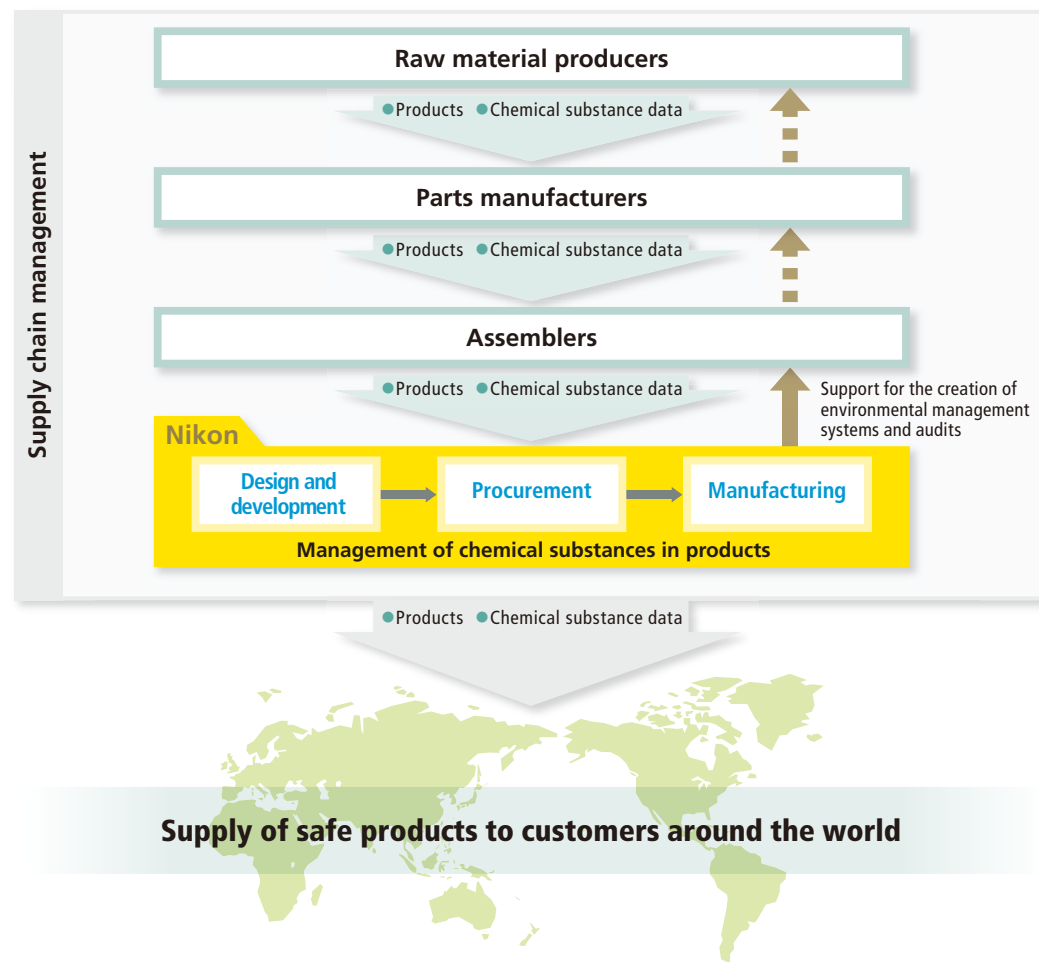
To ensure proper management of the use of chemical substances in products throughout its supply chain, the Nikon Group has requested that all procurement partners establish environmental management systems (i.e. environmental protection systems and systems to manage the use of chemical substances in products) and conducts systematic upstream management of raw materials and parts.

In the year ended March 2011, we conducted

audits concerning the environmental management systems of procurement partners with a focus on partners in Japan and began providing support to those procurement partners who have not established systems or whose management systems are inadequate.

In the year ending March 2012, we will expand the scope of the audits to overseas procurement partners to reinforce supply chain management even further.

Supply Chain Management of Chemical Substances in Products



**Creation of audit systems tailored to the Nikon Group's characteristics**

The Nikon Group has several hundred procurement partners in many different industries. When creating audit systems, it is necessary to investigate thoroughly how we can audit, support, and cooperate with these procurement partners and how we should train audit personnel. We are also making efforts to reinforce training concerning management of chemical substances in products in individual divisions within the Group as well as to enhance internal control systems.

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Voice

Expansion of CSR-oriented Procurement

To ensure the soundness of its business activities, the Nikon Group cooperates with its procurement partners to undertake CSR-oriented procurement and green procurement.

Global Implementation of CSR-oriented Procurement

Promoting CSR-oriented procurement

In the year ended March 2011, the Nikon Group began holding discussions with its procurement partners in Japan for the purpose of understanding our CSR-oriented approach to them. In the first year, our personnel visited 37 partners and successfully learned the details of each company's CSR initiatives. In addition, we participated in the Supply Chain Subcommittee of the UN Global Compact to discuss optimal methods of CSR-oriented procurement with participating companies.

In the year ending March 2012, we will update the Nikon Procurement Partners' CSR Guidelines and undertake additional CSR-oriented procurement measures such as consideration of creating internal systems for on-site inspections of CSR activities by procurement partners. In addition, a procurement procedures manual that includes CSR perspectives will be prepared and distributed throughout the Group as an operational manual for penetrating CSR-oriented procurement activities. A group-wide basic transaction agreement will be used and Nikon Group companies in Japan are encouraged to have procurement partners sign the agreement. Systems are being put in place to ensure that appropriate transactions are conducted in accordance with signed basic transaction agreements, and prompt reports to management and appropriate responses are made if any instances of non-compliance are discovered.

CSR-oriented procurement overseas

In the year ended March 2011, briefings were conducted with three overseas Group companies and the procurement partners of two of those companies to explain the Nikon Procurement Partners' CSR Guidelines. In the year ending March 2012, briefings will be conducted for other procurement partners of overseas Group companies.

Promoting green procurement

The Nikon Group encourages green procurement in accordance with the Nikon Basic Procurement Policy and the Nikon Basic Green Procurement Policy so it can procure environmentally friendly parts and materials.

Management of the entire supply chain has become necessary to comply with regulations of chemical substances in products, an issue that has become a major concern in recent years in Europe and other regions. The Nikon Group has requested that all procurement partners establish environmental management systems (i.e. environmental protection systems and systems to manage the use of chemical substances in products). We verify system development and operation through investigations and audits, and when necessary, request that improvements be made to reinforce the management of chemical substances throughout the supply chain.

Auditing and certification of procurement partner environmental management systems

The Nikon Group conducted audits of the environmental management systems of 32 procurement partners in Japan (34 business sites) and one overseas procurement partner during the year ended March 2011. The audits determined that nine companies (11 sites) are properly operating environmental management systems, while 23 companies were asked to modify their systems or operation of those systems. Eleven companies with outstanding management systems were newly certified as new Nikon Environmental Partners, bringing the total to 16. In the year ended March 2011, support for the development of management systems was provided to five companies who have no systems or whose systems were inadequate.

In the year ending March 2012, intra-group green procurement education including Nikon Group auditor training will be enhanced and Group management systems will be reinforced. In addition, the scope of audits and of system development support will be expanded to overseas suppliers to further promote management of the use of chemical substances in products within the supply chain.



A briefing session for procurement partners in Shenzhen, China



Auditor training conducted at Nikon (Thailand) Co., Ltd.