



Highlights Promoting CSR in China and Hong Kong

The scale of the Nikon Group's business operations in China is growing year by year. Having connections with the Chinese society through our various business activities, such as procurement, production, sales and service, the social demands placed on companies in the growing economy of China are also constantly changing. Amid such circumstances, we are promoting CSR activities in China and Hong Kong region led by Nikon Holdings Hong Kong Limited (NHH) in order that our Group companies in the China-Hong Kong Region (hereinafter, collectively called our "Group companies in China") undertake consistent initiatives for their social responsibility of region.

Activities in the year ended March 31, 2012

NHH was established in August 2010 as the regional headquarters in the Asia-Oceania region. Its primary business is to promote corporate governance, CSR and internal audits. Of all the Group companies within the regions overseen by NHH, its promotion of CSR begins with progressing the activities of the ten Group companies in the China-Hong Kong region (including NHH).

Specifically, during the year ended March 31, 2012, NHH conducted activities with following two main objectives in mind, in cooperation with the Nikon Corporation's CSR Committee; one objective is that NHH plays a central part in supporting Group companies in China to create a CSR promoting structure, and the other is that compliance education is commenced at each company. As a fundamental step toward building such a structure, NHH held the inaugural meeting of the Chinese CSR committee of Nikon group companies in December 2011.

● Conducting compliance education

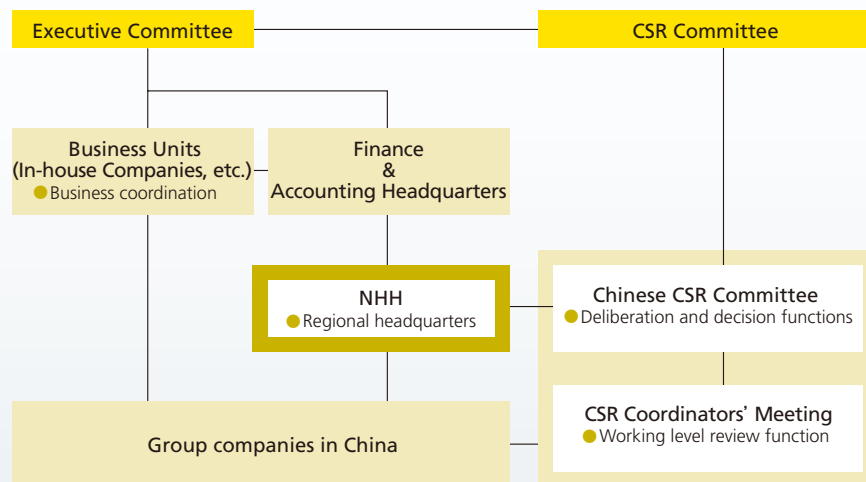
In the past, learning about Nikon's corporate philosophy and Code of Conduct was initiated at the individual companies as group-global efforts. During the year ended March 31, 2012, Group companies in China set about activities aimed at further increasing employee awareness of compliance, keeping step in the group-region together.

The first six months or so was a preparatory period. NHH conducted a preliminary survey of employees on compliance awareness, revised the Nikon Code of Conduct (Chinese edition), prepared educational materials on Nikon's corporate philosophy and Code of Conduct, and appointed CSR coordinators at each company. The results of the preliminary survey, which was conducted in April 2011, showed that employees, who had occasionally studied about Nikon's corporate philosophy and Code of Conduct, had a general knowledge of compliance and had a high level of understanding about examples of compliance violations. After revision of the Chinese edition of the Nikon Code of Conduct, NHH then prepared compliance teaching materials based on this. In developing these teaching materials, NHH investigated the labor laws and regulations in China and Hong Kong as well as the work regulations of the Group companies in China, and it put much effort into creating easy-to-understand materials based on the circumstances and norms that exist in China and Hong Kong.

Using these educational materials, CSR coordinators at each Group company in China have gradually begun to implement compliance education for the employees at their respective companies. Specifically, they have conducted individual learning based on e-learning programs as well as workshop where CSR coordinator acts as a facilitator.

NHH recognizes that, in order to further increase compliance awareness, there needs to be a sense of belonging to the company

Chinese CSR Committee / CSR Coordinators' Meeting



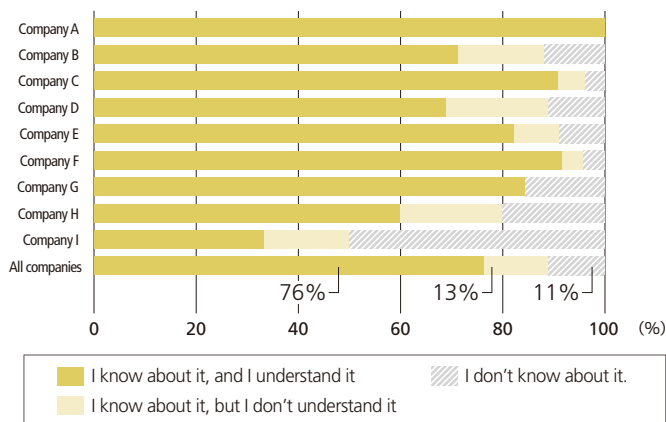
Companies Making up the Chinese CSR Committee

- Nikon Holdings Hong Kong Limited
- Nikon Precision Shanghai Co., Ltd.
- Nikon Hong Kong Ltd.
- Nikon Imaging (China) Sales Co., Ltd.
- Nikon Imaging (China) Co., Ltd.
- Nikon International Trading (Shenzhen) Co., Ltd.
- Nikon Instruments (Shanghai) Co., Ltd.
- Nanjing Nikon Jiangnan Optical Instrument Co., Ltd.
- Hikari Glass (Changzhou) Optical Co., Ltd.
- Hikari Glass (HK) Ltd.
- Nikon Corporation

fostered among employees, at the same time commitments and internal communication from the management level are to be secured. NHH also plans to conduct awareness surveys repeatedly in the future in order to gauge the effectiveness of education currently underway and to improve how it is delivered.

One Example of the Results from the Preliminary Awareness Survey

Q. Do you know about Nikon's corporate philosophy: "Trustworthiness and Creativity"?



Chinese CSR Committee

Once solid foundations for CSR have been laid through the permeation of compliance awareness, the next step for the Group companies in China is, while sharing the values of the Nikon Group among them, to constantly address subjects that take into account both the expectations of the Chinese society as a whole and also the expectations of the communities in which the Group companies in China are located.

To this end, we established the CSR Coordinators' Meeting as a body to consider and review issues at practical work level. CSR coordinators are from each of the Group companies in China. We also established the Chinese CSR Committee to make strategic decisions on CSR activities in China and Hong Kong (chaired by the Executive Vice President of NHH, and comprised of the Presidents of the Group companies in China and the General Manager of CSR Department at Nikon Corporation). Meetings of both are held periodically.

At the first meeting of the Chinese CSR Committee in December 2011, a seminar was held, with an expert on CSR circumstances in the China-Hong Kong region being invited from outside the Group. The Executive Vice President of Nikon Corporation also attended the meeting to explain about the importance of CSR activities and the Nikon Group's policy on CSR. There was also discussion on the question of how to proceed with compliance education in the future.

At the CSR Coordinators' Meeting, debate has been initiated on establishing the regional social contribution policy for the Group

companies in China, and on the systems for managing and assessing the social contribution activities of each Group company in China.

We will continue to hold periodic meetings of the Chinese CSR Committee and of the CSR Coordinators' Meeting.



The Chinese CSR Committee

Plan of activities for the year ending March 31, 2013

In addition to continuing compliance education at Group companies in China, aiming for 100% attendance, we will also reactivate internal compliance reporting systems, bearing in mind improvement of the recognition rate and of accessibility for employees to the systems. We will also conduct awareness surveys to measure the effects of compliance education, and we will use this to expand even more effective education programs.

Furthermore, we will finalize and put into effect the guidelines on social contribution activities for Group companies in China, and we will facilitate planned and transparent social contribution activities in the China-Hong Kong region.

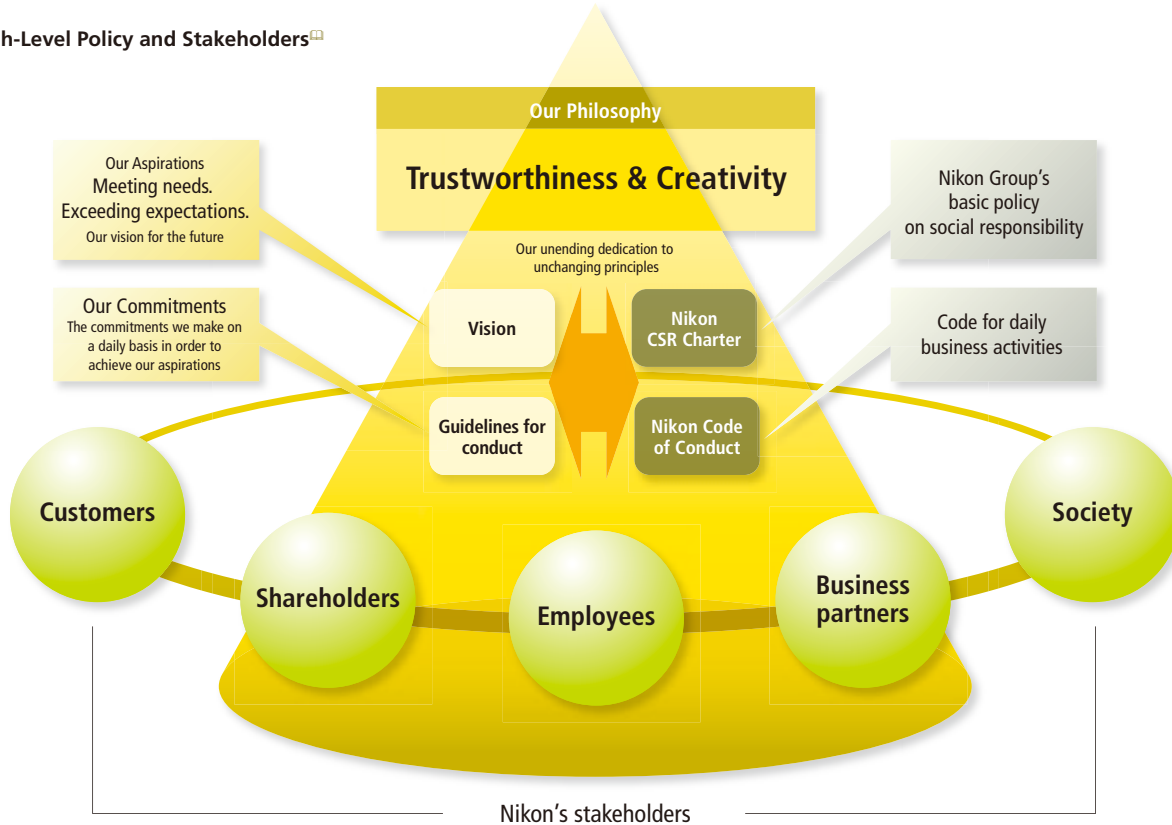
Extending CSR activities to Group companies in Asia outside the China-Hong Kong region

NHH will also play a central role in extending CSR promotion activities to other Group companies in the Asia-Oceania region besides those in China and Hong Kong. In order to evaluate the basic approach, during the year ending March 31, 2013, we will conduct surveys on the labor practices at these companies. Specifically, we will check each company's systems and regulations for personnel and labor management. Then based on the results of the survey, we will identify issues related to employees' labor practices, and examine improvement plans.

CSR Policy

Beginning with its corporate philosophy of "Trustworthiness and Creativity," the Nikon Group has structured policies to fulfill this philosophy, shares them with all employees, and works to put them into practice.

Nikon High-Level Policy and Stakeholders



The Nikon Group's Approach to CSR

For the Nikon Group, fulfilling CSR means embodying its corporate philosophy: "Trustworthiness and Creativity." We are aiming to contribute to sustainable development by living up to the trust we are given by society, and also by creating more value than expected.

As a common plan of action for the entire Group we have adopted "Our Aspirations," which were formulated through a project discussion in which both top management and employees participated, and "Our Commitments," which are made to realize those aspirations. We are also working to increase CSR awareness among each and every employee through the Nikon CSR Charter, which is Nikon Group's basic policy on social responsibility, and the Nikon Code of Conduct, which is our code for daily business activities. Furthermore, we participate in the UN Global Compact, and support its Ten Principles regarding Human Rights, Labour, Environment, and Anti-Corruption.

Ten Principles of the UN Global Compact

(Human Rights)

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: make sure that they are not complicit in human rights abuses.

(Labour)

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: the elimination of all forms of forced and compulsory labour;
- Principle 5: the effective abolition of child labour; and
- Principle 6: the elimination of discrimination in respect of employment and occupation.

(Environment)

- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: undertake initiatives to promote greater environmental responsibility; and
- Principle 9: encourage the development and diffusion of environmentally friendly technologies.

(Anti-Corruption)

- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.



Our Aspirations

Meeting needs. Exceeding expectations.

- Providing customers with new value that exceeds their expectations
- Sustaining growth through a break with the past and a passionate commitment by one and all
- Maximizing our understanding of light to lead the way towards transformation and a new future
- Maintaining integrity in order to contribute to social prosperity

Our Commitments

Be proactive: Alertness, Decisiveness, Strategic planning, Initiative

- Be broad-minded and well-informed in order to act quickly and resolutely

Communicate well: Dialog, Understanding, Team solidarity, Sensitivity

- Harmonize diverse skills by thinking out of the box and communicating effectively with others

Seek new knowledge: Research, Leadership, Innovation, Creativity

- Pioneer new potential through self-study and insatiable curiosity

Display integrity: Self-discipline, Fairness, Honesty, Respect

- Work with diligence and sincerity as a responsible individual

Nikon Corporate Social Responsibility (CSR) Charter Established April 27, 2007, Revised December 1, 2009

1. Sound corporate activities

The Nikon Group endeavors to comply with international regulations, related laws, and internal rules, exercise sound and fair corporate practices, earn the trust of stakeholders[□] such as customers, shareholders, employees, business partners, and society. The Group will maintain constructive relationships with administrative bodies, remaining politically neutral and complying with laws, and will not engage in relationships with individuals or groups that threaten social order or safety.

2. Provision of valuable goods and services for society

The Nikon Group will provide valuable products and services with superior quality and safety to society, endeavoring to increase the satisfaction and trust of our customers and contributing to the healthy development of society.

3. Respect for human beings

The Nikon Group will respect diversity[□] and individual human rights and provide a healthy and safe working environment in which all persons receive fair treatment without discrimination. It will also oppose enforced labor and child labor and respect fundamental human rights as well as workers' rights.

4. Protection of the natural environment

The Nikon Group will proactively engage in environmental efforts and work to protect the natural environment, as these are common issues for all of mankind.

5. Responsibility to society as a corporate citizen

The Nikon Group will carry out corporate activities that take into account the cultures and practices of each country and region and proactively engage in activities that contribute to society as a good corporate citizen.

6. Transparent operating activities

The Nikon Group will communicate extensively with customers, shareholders, employees, business partners, and society and disclose business information in a timely and fair manner. It will also conduct reliable financial reporting through accurate accounting processes.

7. Responsibility of top management

Top management and employees in managerial positions within each department must understand that they play an essential role in fulfilling the spirit of this Charter and thus, in addition to leading by example, they must ensure that this information is disseminated to everyone in the Group and all related parties. Management must always strive to understand the opinions of those both inside and outside of Nikon to develop a sound internal framework that ensures that the spirit of this Charter is upheld. If any incident occurs that violates this Charter, top management will demonstrate, internally and externally, their determination to solve the problem and strive to identify the cause and prevent its recurrence. Furthermore, they will uphold information disclosure and accountability obligations. They will clarify the authority and responsibility of each manager and employee and deal rigorously and objectively with all people involved in the matter, including top management.

Nikon Code of Conduct Established May 1, 2001, Revised April 4, 2011

1. Sound corporate activities

- | | |
|--|---|
| (1) Compliance [□] | (2) Integrity |
| (3) Fair competitions and transactions | (4) Appropriate purchasing/procurement with suppliers |
| (5) Information management | (6) Protection of intellectual property rights |
| (7) Export control | (8) Insider trading prevention |
| (9) Entertainment and gifts | (10) Relationships with public authorities |

2. Provision of valuable goods and services for society

- | | |
|--|-------------------------|
| (1) Understanding expectations and demands | (2) Safety and security |
|--|-------------------------|

3. Respect for human beings

- | | |
|------------------------------|--|
| (1) Respect for human rights | (2) Comfortable and safe working environment |
|------------------------------|--|

4. Protection of the natural environment

5. Responsibility to society as a corporate citizen

6. Transparent operating activities

7. Responsibility of top management

Web Nikon Code of Conduct

<http://www.nikon.com/about/csr/compliance/code-and-rules/summary/>

Priority Issues Set Forth in the CSR Medium Term Plan

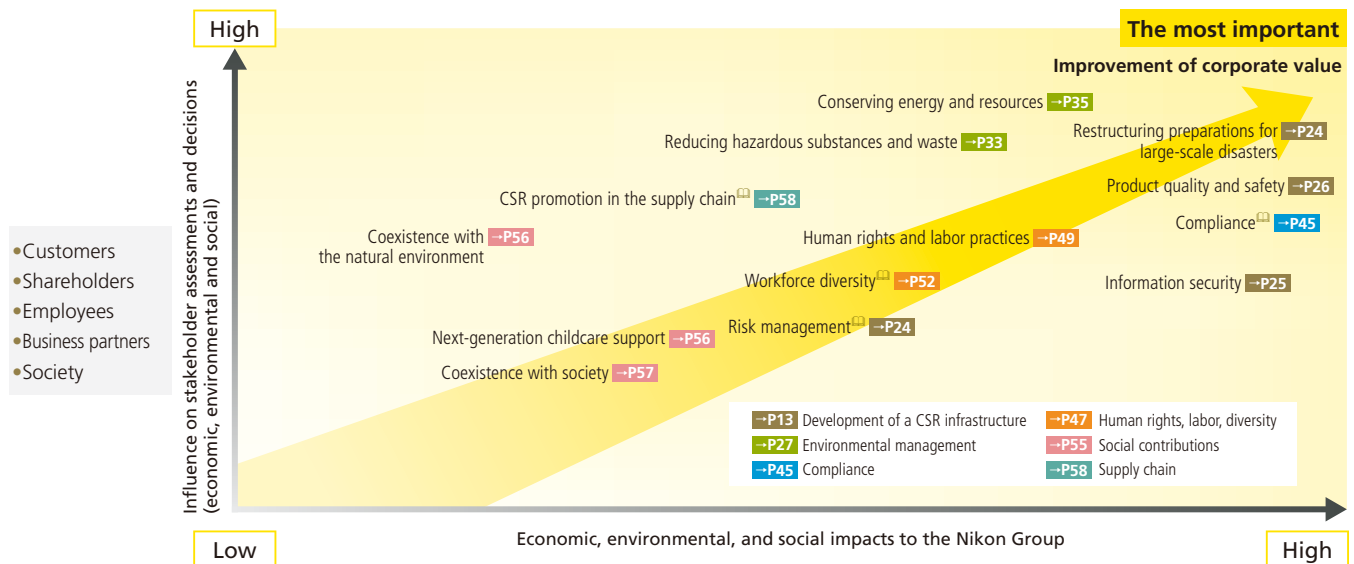
The Nikon Group believes that CSR is a process to embody its corporate philosophy of “Trustworthiness and Creativity,” and upholds “CSR-oriented management” as one of its priority management issues. For CSR promotion activities, we work to identify priority issues, set the medium term plans for each issue and carry out initiatives according to the plan.

Identifying Priority Issues for CSR

The Nikon Group identifies priority CSR issues to tackle, by examining social trends and the expectations of our stakeholders, and carries out activities after setting medium term plans for each issue. When identifying the priority issues, the secretariat of the CSR Committee

makes analyses by referring to sources including the Principle of Materiality in the GRI Guidelines, the seven core subjects of ISO 26000 and issues required by external SRI rating agencies. These are then agreed upon by the CSR Committee as priority issues for the entire Group. The CSR Materiality Map below shows the issues sorted into categories and plotted in a way that their degrees of influence can be compared.

Nikon Group CSR Materiality Map



Priority Issues Set Forth in the CSR Medium Term Plan

During the year ended March 31, 2011, we reviewed the priority issues in the CSR Medium Term Plan and reorganized them. Under the issues relating to CSR activities of the Nikon Group as a whole (reported as “development of a CSR infrastructure” in this Report), we have listed five items under which to carry out activities, and we have established medium term plans for each of these issues.

Common Priority Issues in the CSR Medium Term Plan for the Entire Group

(from the year ending March 31, 2013 to the year ending March 31, 2015)

Priority Issues in the CSR Medium Term Plan (Three-year plan from April 2012 to March 2015)

We will strive to develop our business globally while constantly maintaining a strong awareness of CSR. We will enhance trust by encouraging and supporting communication with stakeholders, and responding sincerely to stakeholder expectations.

Expansion and promotion of environmental management

Implementation of compliance activities

Respect for human rights and work environments, and promoting diversity in workforce

Co-existence with society and the natural environment

Promotion of CSR activities in the supply chain

CSR Promoting System and Our Approach to UN Global Compact

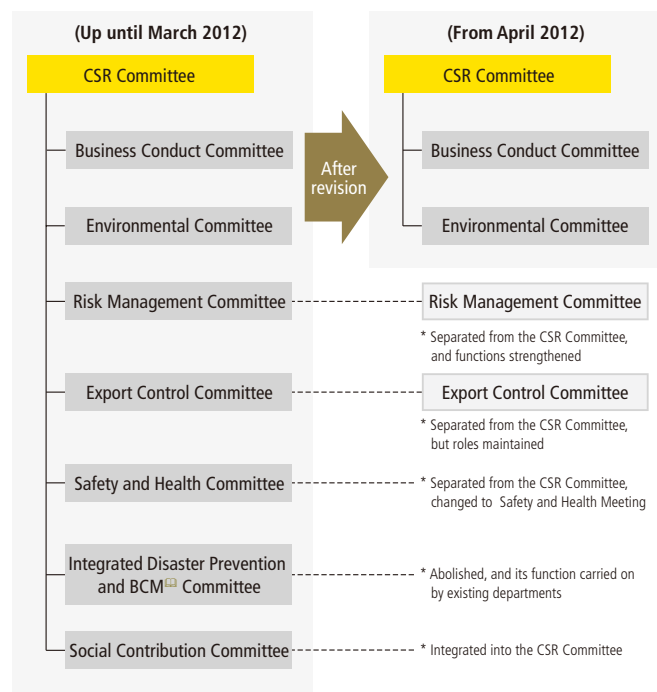
In order to promote CSR in a more effective and efficient way in the Nikon Group, specialized subcommittees are established under the CSR Committee. They are cross-functional and reinforce cooperation in the group.

CSR Promotion Organization

As part of the review of our decision-making process, we reaffirmed the objectives and functions of the committees placed under the CSR Committee, and with an aim of streamlining the organization, we launched a new organization starting from the year ending March 31, 2013. We reduced the previous seven subordinate committees to two: the Business Conduct Committee and the Environmental Committee. The Risk Management Committee has been reorganized to strengthen its functions and has been separated from the CSR Committee. As for the other committees removed from the umbrella of the CSR Committee, we will fulfill their functions by either reorganizing or continuing their roles.

During the year ended March 31, 2012, we also established an organization for the promotion of CSR to Group companies in the China-Hong Kong region, and we launched the Chinese CSR Committee (P14). Going forward, the regional headquarters in Hong Kong will further its efforts, extending its ambit to other parts of the Asia-Oceania region.

CSR Promotion Organization



Secretariats and Chairpersons of CSR-related Committees (as of June 30, 2012)

Committee	Chairperson	Secretariat
CSR Committee	President	CSR Section, CSR Department
Business Conduct Committee	Executive Vice President	Compliance Section, CSR Department
Environmental Committee	President of Business Administration Center	Environmental Administration Section, Environmental & Technical Administration Department

Major Achievements During the Year Ended March 31, 2012 Related to the Ten Principles of the UN Global Compact

	Policies	Jurisdictions	Achievements (activities and/or monitoring)
Common	CSR Charter	CSR Committee	Provided education on the Ten Principles of the UN Global Compact to employees who had not yet attended a relevant course Conducted Group survey on CSR. Regional headquarters commenced CSR promotion activities in the China-Hong Kong region
	Procurement Partners' CSR Guidelines	Procurement Communications Conference	Promoted CSR-oriented procurement
Human rights / Labour	CSR Charter	CSR Committee	Conducted Group surveys for yearly confirmation of the situation regarding Group human rights and labour (Confirmed no forced or child labour)
			Conducted qualitative and quantitative surveys to support the advancement of women in the workplace across the entire Nikon Group
			Promoted CSR-oriented procurement, and conducted briefings for overseas procurement partners
Environment	Basic Environmental Management Policy	Environmental Committee	Implemented in accordance with the Environmental Action Plan
	Environmental Action Plan		Managed through the environmental management system (ISO 14001)
	Green Procurement Standard		Conducted green procurement audit on suppliers
Anti-corruption	Code of Conduct	Business Conduct Committee	Conducted activities to disseminate the revised Nikon Code of Conduct throughout the entire Nikon Group
			Identified issues through awareness surveys of Group companies in Japan

Priority Issues, Targets and Results

The Nikon Group evaluates the results of its CSR activities every fiscal year, in order to ensure efficiency and effectiveness, and sets targets for the next year that reflect both the achievements made and problems identified with existing activities.

Priority Issues, Targets and Results for the Year Ended March 31, 2012 (April 1, 2011 to March 31, 2012)

We will strive to develop our business globally while constantly maintaining a strong awareness of CSR. We will enhance trust by encouraging and supporting communication with stakeholders, and responding sincerely to stakeholder expectations.

○: Achieved △: Measures started but not yet achieved ×: Not started

Priority issue	Target	Results	Self evaluation
Development of a CSR infrastructure →P13	Reflect on responses to the Great East Japan Earthquake, revise BCPs to prepare for an earthquake in the Tokyo region, improve crisis management abilities through drills	Reviewed damage predictions for the Tokyo region, and revised initial responses and BCPs; conducted training and exercises for executives of the facilities to enhance crisis management capabilities	○
	Thorough conservation of electricity (strengthen policies and monitoring, respond to requests from the Government of Japan)	Strengthened monitoring and power-saving measures; satisfied government requests faithfully (15% year-on-year reduction)	○
	Establish CSR coordinating functions at the regional headquarters in China and Asia by the end of this fiscal year; create a CSR promotion organization in China	Established a CSR promotion organization within the regional headquarters, and held the first meeting of the Chinese CSR Committee; implemented compliance education for employees	○
	Implement education for all Nikon Corporation employees to create continual and consistent awareness of export control of technical information	Conducted e-learning on the provision of technical information for all employees (attendance rate: 87.6%); conducted two briefing sessions for priority divisions	○
	Thorough export control at overseas Group companies	Formulated and began to implement rules on the re-exportation of products that are exported by Nikon Corporation and imported by an overseas Group company	○
	Continual countermeasures against highly pathogenic influenza strains (information gathering, desktop exercises, sufficient emergency stores, etc.)	Revised action plan, and continued to gather information, conduct desktop exercises and replenish and increase medical and emergency stockpiles	○
	Maintain an environment to provide latest risk information for employees on overseas business travel, create a centralized Group management system for business traveler information	Commenced operation of the System for Checking the Safety of People on Overseas Business Travel at Group companies in Japan; actually used the system during the restoration work following the floods in Thailand	○
Expansion and promotion of environmental management →P27	* For targets and results related to the environment, please refer to "Environmental Action Plan" (see p. 32).		—
Implementation of compliance activities →P45	Improve Nikon Group employee awareness of compliance by making all employees thoroughly informed of the revised version of the Nikon Code of Conduct, which is consistent for the entire Group	Steadily implemented education on the revised Nikon Code of Conduct at 51 Group companies in Japan and overseas	○
	Implement awareness surveys of Group employees in Japan, giving feedback about results, supporting the activities of departments with weak scores	Provided feedback on the results of the awareness surveys to all surveyed departments and companies; also provided individual briefings to departments with weak scores	○
	Make employees thoroughly aware of the in-house reporting/consulting system, as well as its sound operation	Gained a full understanding of the performance of consultation hotlines in Japan and overseas; established a new unified external point of contact in Japan, and renewed awareness by distributing a new handy card	○
Respect for human rights and work environments, and promoting diversity in workforce →P47	Expand implementation of diversity training for managers, with a target of five training sessions each year attended by 100 managers (in Japan)	Conducted training sessions five times throughout the year, attended by 118 managers; also held a study meeting for directors, attended by 11 people	○
	Implement proactive employment activities (raise the percentage of women employed to at least 10% by March 2013)	Conducted recruitment events and so forth; 9.4% as of March 31, 2012 (612 of 6,531 employees)	○
	Conduct Group surveys on human rights and labor, identify problems, and draft policies	Completed survey on human rights and labor for 59 Nikon Group companies; no material problems discovered	○
	Collect basic health and safety data of the Group, and provide necessary assistance	Focused efforts on recovery after the Thai floods; published a Hygiene Measures Manual and provided health and safety guidance based on on-site reviews	○
	Enhance training programs and expand target countries to develop global human resources for emerging economies	Enhanced foreign language training programs for the languages of developing countries, and added new countries where employees are going to study abroad	○
Co-existence with society and the natural environment →P55	Carry out support activities for the victims and areas affected by the Great East Japan Earthquake	Under the slogan "Assisting Reconstruction through Photography," commenced long-term activities for the victims and affected communities	○
	Organize issues and propose promotion plans for Group companies which have not yet implemented social contribution activities	Improved results by presenting examples of support and donations to Group companies which had not yet implemented social contribution activities	○
Promotion of CSR activities in the supply chain →P58	Revise the Green Procurement Standard; begin examining the integration of Nikon Procurement Partners' CSR Guidelines and Nikon Green Procurement Standards	Revised the Nikon Green Procurement Standards and the Nikon Procurement Partners' CSR Guidelines; after consideration, decided to shelve the integration of the two	○
	Clarify confirmation standards, and consider an implementation system to confirm the activities of procurement partners through visits (including overseas)	Prepared a check sheet for on-site inspections, and established a system for conducting on-site inspections	○
	Conduct audits of procurement partners' environmental management system	Audited procurement partners' environmental management systems (66 in Japan, 11 overseas, and mock audits for three overseas Group companies)	○

Priority Issues and Targets for the Year Ending March 31, 2013 (April 1, 2012 to March 31, 2013)

We will strive to develop our business globally while constantly maintaining a strong awareness of CSR. We will enhance trust by encouraging and supporting communication with stakeholders[□], and responding sincerely to stakeholder expectations.

Priority issue	Target
Development of a CSR infrastructure → P13	Decide on the Guidelines on Social Contribution Activities for Group Companies in the China-Hong Kong Region (including disaster relief donations) at the Chinese CSR Committee, and commence application of them
	Launch a coordinated system for the promotion of CSR in Europe
Expansion and promotion of environmental management → P27	* For targets related to the environment, please refer to "Environmental Action Plan" (see p. 32).
Implementation of compliance[□] activities → P45	Steadily conduct promotion activities within the Group to raise awareness for the Nikon Code of Conduct
	Confirm the usage of all reporting/consulting system set up within the Group, identify any problem areas, and propose remedial measures
Respect for human rights and work environments, and promoting diversity[□] in workforce → P47	Implement proactive employment activities (raise the number of female employees as a percentage of all employees* to at least 10% by March 2013) * Permanent and non-regular employees
	Trial a mentor system to support the advancement of women in the workplace, and identify any issues
	Commence training on corporate culture aimed at fostering motivation and a sense of unity throughout the entire Nikon Group
	Conduct a Nikon Group monitoring survey on Group companies; identify any issues relating to human rights and labor practices
	Re-establish measures to promote diversity in the Nikon Group, and publicize them within the Group
Co-existence with society and the natural environment → P55	Positively promote activities supporting recovery from the Great East Japan Earthquake in a way that employees can participate
	Establish common themes for the Nikon Group focused on co-existence with society and the natural environment, and promote social contribution activities
	Enhance the communication of information on social contribution activities
	Establish guidelines for responding in the event of a disaster, and enable each Group company to provide rapid support
Promotion of CSR activities in the supply chain[□] → P58	To promote CSR-oriented procurement [□] activities in supply chains, select procurement partners and conduct on-site inspections
	Verify the results of the conflict minerals survey with individual procurement partners and promote awareness; also conduct ongoing surveys
	Conduct environmental management system audits on 150 procurement partners in Japan and overseas

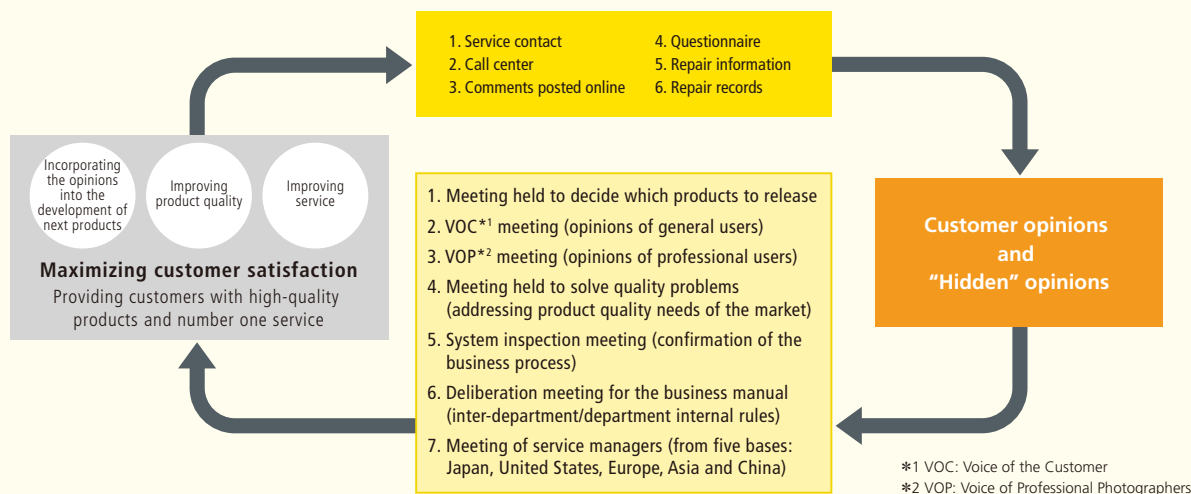
Dialogue with Stakeholders

In our everyday activities as well, the Nikon Group works to carry out bi-directional communication with our stakeholders through various methods and opportunities. Through communication, we strengthen relationships of trust by reflecting the expectations of our stakeholders in our business and CSR activities.

Communication with Major Nikon Group Stakeholders

Stakeholders	Communication methods
Customers	<ul style="list-style-type: none"> • Call center and service counter (For details on the "cycle to incorporate customer opinions" at Imaging Company, see the figure below.) • Responses to customers by the departments in charge of sales and services • Sharing information via our website and other methods • Exhibitions, events, etc.
Shareholders	<ul style="list-style-type: none"> • General shareholders' meetings • News releases and public announcements via mass media and other methods • Publishing various types of printed material including fact books, annual reports, and interim/yearly reports • Sharing information via our website and other methods • Financial Results briefings • Socially responsible investment, etc.
Employees	<ul style="list-style-type: none"> • Sharing information via the in-house magazine, the intranet, and other methods • Labor and management conferences, conferences with employee-elected representatives • Reporting/consulting system • Monitoring of Group companies and employee awareness surveys • CSR Report employee surveys, etc.
Business partners	<ul style="list-style-type: none"> • Dialogues through everyday business activities • Interviews and feedback when visiting procurement partners • Briefings and questionnaire surveys for procurement partners • Confirming the construction of environmental management systems (surveys/audits), etc.
Society	<ul style="list-style-type: none"> • Participation in local events • Cooperation with NGOs and NPOs, such as social contribution activities • Participation in economic and industry organizations • Consultations with government offices, etc.

"Cycle to incorporate customer opinions" at Imaging Company



Major Awards Won in the Year Ended March 31, 2012

July 2011	Received the highest ranking in the digital camera category of the "2011 After-sale Service Satisfaction Ranking" in Nikkei Business Publications
February 2012	Ranked number 12 in "Japan's Best Global Brands 2012" announced by Interbrand Japan
February 2012	Received a Prime Minister's Prize of the Fourth Monodzukuri Nippon Grand Award (P7)

Corporate Governance

Amid continued globalization of the business environment, the Nikon Group is working to enhance the relationship of trust it enjoys with its stakeholders^{ESG} by increasing management efficiency and transparency and strengthening its corporate governance organization.

Corporate Governance Organization

Management System

The Nikon Group carries out business through an integrated in-house company system that includes Group companies. We have also established a management system that responds swiftly to changes in the business environment through our operating officer system. Furthermore, under a results-based evaluation system, we evaluate and confirm performance, thereby strengthening the relationship between performance and remuneration.

Board of Directors and Executive Committee

The Board of Directors makes prompt decisions on matters of importance to the Nikon Group and monitors the exercise of duties by directors. Two independent outside directors also sit on the board to strengthen supervisory functions.

The Executive Committee deliberates on and resolves major issues regarding the general operation of company business, internal controls^{ESG} and management, in accordance with the basic management policies as determined by the Board of Directors. This body also receives reports from each department regarding critical matters.

Compensation Committee

The Compensation Committee, which includes prominent figures from outside the Nikon Group, was set up to raise the objectivity and transparency of matters related to directors' compensation and to ensure that decisions on remuneration are linked to the corporate financial results. The obligations of this committee include examining and proposing guidelines for directors' compensation and other related systems.

Board of Corporate Auditors

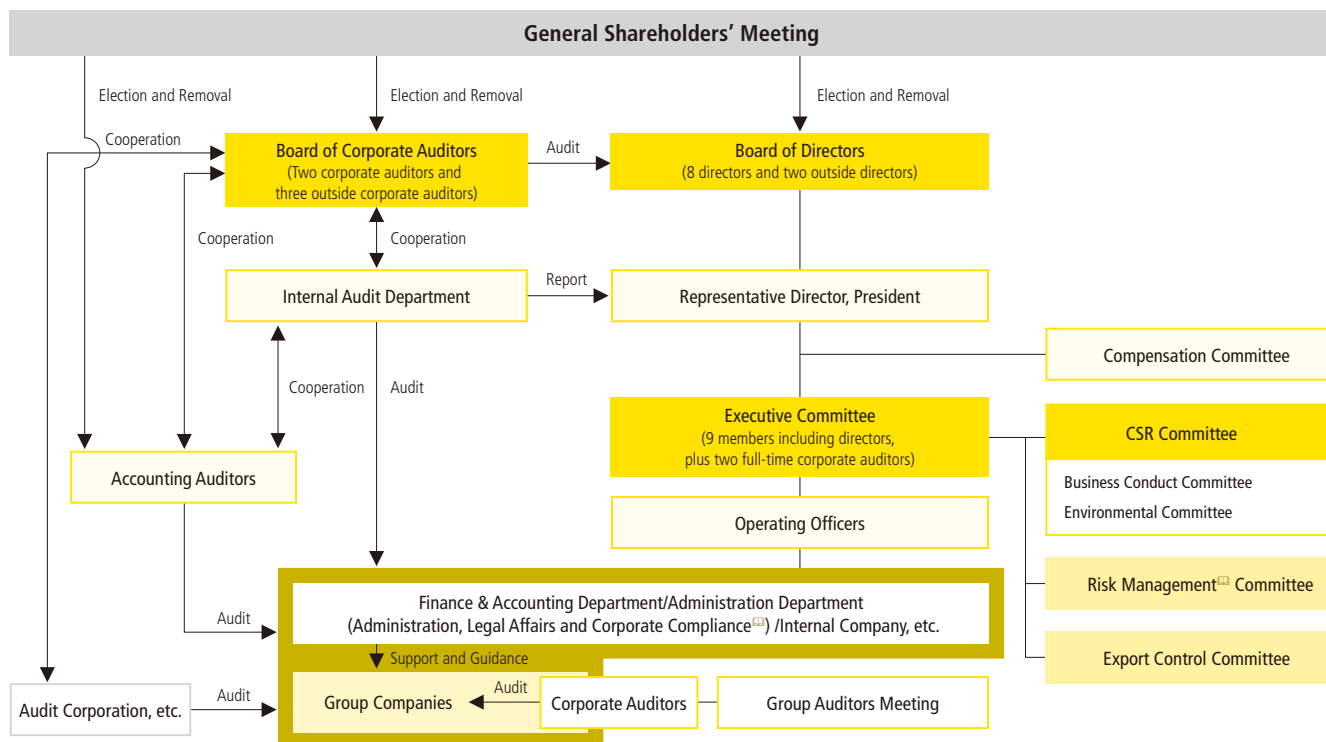
The members of the Board of Corporate Auditors periodically attend important meetings such as those of the Board of Directors and Executive Committee in order to supervise the execution of duties by the directors, and to perform monitoring and auditing of corporate management and directors. Three independent outside corporate auditors are also invited to these meetings.

Web Corporate Governance

<http://www.nikon.com/about/csr/governance/>

Diversity^{ESG} of Directors, Corporate Auditors and Officers
 Females: 0, Non-Japanese: 0

Nikon's Corporate Governance Organization (as of June 30, 2012)



Internal Control[®] System

Basic Policy on Internal Control System

The Nikon Group's basic policy on its internal control system was established in accordance with Japan's Corporate Law and its enforcement regulations, enacted in May 2006, in order to create a structure for ensuring appropriate business operations.

Web Basic Policy on Internal Control System

<http://www.nikon.com/about/csr/governance/internal-control/policy/>

Structuring of Responsibility and Authority

Nikon Corporation has established the "Rules Governing the Authority of the Organization and Personnel," which provide a clear definition of the structure of responsibility and authority for each post as well as each organization. Furthermore, thorough control and guidance for Group companies both in Japan and overseas to conform with the "Decision Standard for Domestic and Overseas Subsidiaries" ensures the organized and efficient performance of duties.

Internal Audits

An internal audit department has been created as an independent organization that reports directly to the president. Based on audit plans for each fiscal year that have been approved by the president, this department audits the Nikon Group's systems and their operation status situation, examining whether the operations of each department are conducted in compliance[®] with relevant laws and internal rules, as well as whether risks are being effectively managed. It also makes recommendations as to how such operations can be improved.

The internal audit department also functions as an independent department to monitor implementation of the Internal Control Reporting System stipulated under the Japanese Financial Instruments and Exchange Law (J-SOX), and evaluates Company-level controls and Process-level controls of the Nikon Group. Furthermore, from the viewpoint of the Corporate Law the department also evaluates the effectiveness of corporate ethics structures and risk management[®] structures ("a framework including rules concerning risk of loss management" under the law) as an internal audit function for internal control systems.

In addition, internal audit sections have been established for each region to audit overseas Group companies. These sections perform internal audits and J-SOX evaluations of their local companies from an independent position, while the head office's internal audit sections coordinates these activities. In order to further improve the quality of audits of overseas Group companies, we also established an internal audit section for the North America in a North American holding company in June 2011. In this way, by adding the Americas to our existing bases in Japan, Europe and Asia/Oceania, a Group internal audit system has been established which covers four regions worldwide.

All internal audit reports on Nikon Group companies both in Japan and overseas are submitted to the President. The results of these audits are also submitted to corporate auditors for the purpose

of close cooperation and to share information.

In order to further raise the audit functions required of internal audit sections, we will work to make additional improvements to our internal audit system, including reinforcing our personnel.

Implementation of an Internal Control Reporting System

Internal control reporting system, based on the Financial Instruments and Exchange Law, was introduced in April 2008 with the aim of ensuring the credibility of financial reporting.

Nikon Corporation conforms to the fundamental framework for internal controls indicated by the standards of the Financial Services Agency in order to implement this system, and has established and applied internal controls related to the credibility of financial reporting.

Specifically, evaluations are performed regarding the effectiveness of the design and operation of company-level internal controls at Nikon Group at the end of each fiscal year. Based on the same system, the effectiveness of process-level internal controls (including sales, purchasing, manufacturing, accounting, and IT) is also evaluated for Nikon Corporation and major Group companies both in Japan and overseas, as required by the law.

The standards and practice standards for internal control were revised by Financial Service Agency. In response to this, we made efforts in line with the objective of the revision, namely, "simplification of the evaluation process" during the year ended March 31, 2012. In other words, we endeavored to make evaluations more efficient, such as adopting biennial or other rotational evaluations for some business processes and instead carrying over the evaluation results from the previous fiscal year.

During the year ending March 31, 2013, we will encourage revisions to our business operations based on our past efforts and on the evaluations of effectiveness made during the year ended March 31, 2012. With regard to the evaluation process, we are also working to establish a more sustainable internal control system by creating efficient application techniques, such as further reducing the burden of evaluation work, while maintaining the effectiveness of major process-level internal controls and financial reporting.

Implementation of a Risk Management^{SD} PDCA Cycle

We work to comprehensively manage risks and implement measures towards the continuous advancement of the Nikon Group.

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 implementing a PDCA cycle. During the year ended March 31, 2012, the committee continued its work from the previous fiscal year on information security, management of risks for employees assigned overseas, and measures against a new strain of influenza.



A desktop exercise

Construction of a New System for Risk Management

In April 2012, the Risk Management Committee was launched under a new system to strengthen its role and functions. Specifically, the Risk Management Committee was made independent from the control of the CSR Committee, and the Integrated Disaster Prevention and BCM^{SD} Committee was abolished. Efforts for integrated disaster prevention and BCM will now be promoted by departments as part of their routine work. The Executive Vice President serves as the Chairperson of the new Risk Management Committee, and the Administration Department of the Business Administration Center serves as its secretariat.

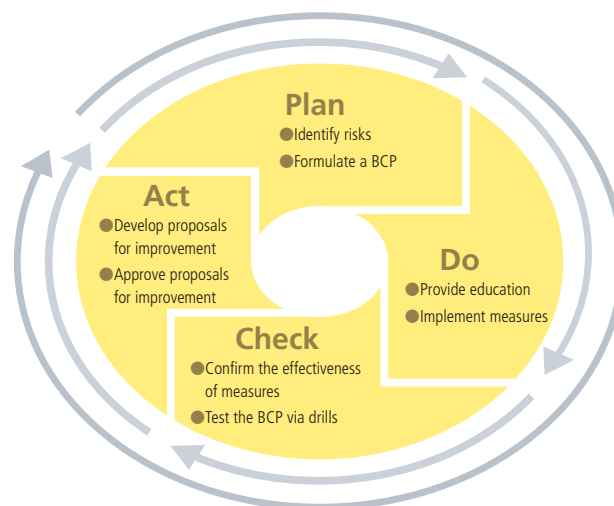
The previously limited topics dealt with by the Risk Management Committee have also broadened to cover risks in general. New functions have also been added to the committee, including the identification of potential risks and risk assessment (prioritization).

Enhancing the BCM System

At the Nikon Group, BCPs^{SD} are formulated in preparation for a large-scale disaster or emergency.

The Great East Japan Earthquake brought to light many issues for BCPs, such as the possibility of an earthquake larger than ever expected, damage from tsunamis and power supply problems. Once business had been restored following the earthquake, we evaluated risks on the basis of these issues by visiting sites, including those actually damaged in the disaster. Moreover, in preparation for an earthquake in the Tokyo region, we reviewed our damage predictions, and we revised our initial responses and BCPs. In March 2012, one year after the earthquake, we conducted training and exercises for executives at each of our facilities and Group companies in Japan, in an effort to entrench revised BCPs and to enhance our risk management capabilities. Furthermore, in light of the impact of the recent floods in Thailand, we will reappraise our measures dealing with disasters.

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 conduct various forms of education including the e-learning comprehension test and conduct information management audits twice a year in Japan to constantly increase employees' awareness of the rules. We have also actively worked to make overseas Group companies aware of the basic rules of information management.



The Information Security Handbook

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.

At Nikon Corporation, for the purpose of responding swiftly in an emergency, we have introduced the System for Checking the Safety of People on Overseas Business Travel. The system is designed to centrally manage information on employees from Nikon Group companies in Japan who are traveling overseas on business. Operation of the system has begun at 12 Nikon Group companies in Japan, thereby strengthening our risk management system.

At the time of the flood damage in Thailand, we utilized the system for managing employees who had traveled to engage in recovery activities.

At Nikon Corporation, as a measure to counter region-specific risks (illness, disasters, accidents, and crime), we strive to collect the latest information on potentially high-risk countries, particularly on developing countries and politically unstable regions, by, for instance, traveling to the location to confirm local conditions in person before sending our employees there. We also implement various other initiatives, such as conducting prior training for employees to be sent overseas, special education for managers, crisis management orientation for employees traveling overseas on business, and local emergency drills. (We also prepared and widely publicized a Hygiene Measures Manual at the time of the recovery activities in Thailand.)



Orientation for employees traveling overseas on business

Measures against Pandemic influenza

Based on our experience in preventing infection and the spread of infection during the global outbreak of the Pandemic influenza H1N1 in 2009, the Nikon Group revised its action plan in 2010 to include greater detail.

We are also continuing activities to prepare for the threat of a pandemic involving a highly Pathogenic influenza strain. These include information gathering, desktop exercises, and replenishing and increasing medical and emergency stockpiles.

Export Control

In addition to the export control of goods, Nikon Corporation is committed to reinforcing its management of the provision of technical information.

During the year ended March 31, 2012, following on from last year, we provided education via e-learning to all employees (attendance rate: 87.6%, attendees: 6,257). Additionally individual briefings were held twice for business divisions that often provide technical information overseas (total attendees: 42). Furthermore, as part of our measures to prevent roundabout exporting, we have promoted export control across the entire Group, such as formulating and beginning to implement rules when a product exported from Nikon Corporation to an overseas Group company is re-exported to another country.

Quality Control for Nikon Products

The basic stance of the Nikon Group is to make social and economic contributions through activities that provide products and services useful for society.

Quality Control for Products and Services

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

Policies and systems for quality control

The Nikon CSR Charter declares that the Nikon 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. In this way information on basic policies and practical operations which is required for accomplishing quality control in each stage including product planning, research and development, production, sales, after-sale services, and disposal—is conveyed throughout the entire Nikon Group.

Quality Control Committee

Based on the corporate philosophy and the Nikon CSR Charter, the Quality Control Committee deliberates and makes decisions on fundamental policies related to quality control and important matters involved with implementation. Also, the committee strives to improve the quality control systems and conducts prompt reviews of the systems to ensure that they are working effectively.

ISO 9001[□] Certification and consistent compliance[□] with the "Quality First" Policy

The Nikon Group is conducting business operations in line with its ISO 9001 Quality Manual created based on the QCD, and all the business segments of Nikon Corporation and major Group companies have acquired ISO 9001 certification.

We also conclude quality assurance agreements with our business partners based on their understanding of the Nikon Group's "Quality First" policy. Moreover, every November, which is designated as "Quality Month" in Japan, we hold lectures inviting external experts so that employees of both Nikon Group companies and their partner companies can improve their quality-related skills.

During the year ended March 31, 2012, a lecturer from Kirin Brewery Co., Ltd. was invited to Nikon Corporation's Ohi Plant to give a lecture titled "Reforming Kirin Brewery's Organizational Culture." Approximately 170 people attended the lecture.

Quality control audits

In the Nikon Group, quality control audits are conducted by a top executive based on the QCD. Specifically, the executive inspects, checks, and evaluates the quality control activities conducted at



Lecture on quality attended by staff from partner companies

Nikon Group companies to help them improve the quality of business operations, as well as the quality of products created through these business operations. The audited companies are required to make corrections and improvements to any shortcomings found in the audits, which help them conduct quality control activities in a more consistent manner. Important findings are reported to the Executive Committee and are also used to improve internal controls[□].

Quality control audits were performed at five departments of Nikon Corporation, and at three major Group companies, during the fiscal year ended March 31, 2012.

Product safety assurance

The Nikon Group gives due consideration to the safety of its products throughout their lifecycle, from the initial planning stage. Specifically, we design our products in line with the "Safety Design Principle" that we have formulated based on relevant international standards, and then confirm their safety through measures such as design reviews and inspections carried out during the production process. We also obtain safety certification from third-party certification bodies as necessary. Furthermore, our Product Safety Test Room ensures that only safe products reach our customers. This testing group has passed the stringent certification criteria based on international standards of TÜV SÜD Product Service GmbH, Germany, a certification body for testing laboratories in Europe.

In the fiscal year ended March 31, 2012, we published 21 test reports gathering the results of the various tests that were conducted.

Problems related to product quality or safety occurring during or after the year ended March 31, 2012 (until April 30, 2012) (2 incidents)

- The Nikon digital camera COOLPIX L23
Possible generation of excessive heat that may cause the top cover to become deformed.
- The rechargeable battery EN-EL15
Possible overheat that may cause the outside casing to become deformed.

* For further information, please refer to a website of your nearest Nikon Service Center.