

Third-Party Comments



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As my third-party comments on this year's Nikon CSR REPORT, I would first like to touch on one of the feature articles, "Business Activities and CSR," and secondly on "Nikon's CSR Foundation." Then, I will move on to the priority issues focusing on the articles "Environmental Management," "Compliance," "The Labor Environment for Employees," and "Supply Chain."

1. Business Activities and CSR

This article deals with four business areas: precision equipment, imaging products, instruments and encoders, and it provides a plain explanation about how each of these areas is connected with society. It will effectively convey the social significance of Nikon's business, especially to employees. On the other hand, in order to resonate more strongly with external stakeholders, it would have been better to report what kind of social issues each business has faced, and how they have each been working to address those issues. I believe that viewing the relationship between CSR and business from a social issue-oriented angle in this manner, rather than a product angle, will give greater clarity to how business contributes to society.

2. CSR Foundation

I would like to commend the formation of the Chinese CSR Committee as a meaningful step toward Nikon's global promotion of CSR. I also believe it is of significant importance that coordinated system for the promotion of CSR in Europe, one of the targets listed for the year ending March 31, 2013 will be launched. Since I believe that promoting CSR globally necessitates interactiveness, namely, the global head office grasping the values of all parts of the world, and reflecting them in its policies and sharing them throughout the organization.

3. Expansion and Promotion of Environmental Management

Targets were achieved for almost all items under the Nikon Environmental Action Plan. A target for logistics was the only item that could not be attained, but the reasons for this have been explained, which shows Nikon's strong and unwavering commitment to environmental management. Regarding the topic of integrating biodiversity issues into business operations, which I raised last year as a challenge to be tackled, an assessment was made of the relationship of corporate activities to ecosystem services. Although this is the right direction, I feel that efforts should be accelerated and even more information should be disclosed.

4. Compliance

Following the establishment in April 2011 of the global Nikon Code of Conduct standard across all Group companies in Japan and overseas, for the rest of the year ended March 31, 2012, efforts were made to thoroughly familiarize employees across the entire Group with the revised Code of Conduct, and I welcome this progress.

However—and this could be said about CSR in general, and not just compliance—I would like to make the point that this step-by-step approach of implementing first in Japan and then extending to the rest of the world should be avoided as much as possible. This is because a policy that has been created based purely from a domestic perspective has limitations when it is expanded globally. For future initiatives, Nikon should consider the importance of planning and developing globally from the point at which they start.

5. Labor Environment for Employees

One of the most worthwhile items in this year's report is the article on the stakeholders' meeting regarding diversity, where it is not only that Nikon's determination to enhance diversity is well expressed, but also that challenges to be overcome are honestly communicated. None of the CSR issues are straightforward. The work environment for employees is, however, an especially complex topic because it often requires changes in longstanding practices. Sharing difficulties faced by Nikon with stakeholders is one important mission of the report.

This year's report contains Nikon's efforts for two of the topics I raised last year: presentation of a global vision for personnel policy, and disclosure of information on the treatments for regular and irregular employment. I would also like to recognize Nikon's Group monitoring of human rights and labor practices as a basis for future initiatives. However, not enough progress has been made yet in any of these topics, and so I hope that further endeavors will be made.

6. Supply Chain

Implementing CSR-oriented procurement requires a tremendous cost and effort. So to start with, I would like to pay tribute to Nikon's endeavors thus far, including its second survey of procurement partners in Japan. In steadily implementing CSR-oriented procurement in the future, an important point for Nikon will be whether it incorporates CSR-related requirements into its agreements with procurement partners. Although Nikon did shelve the idea of incorporating on-site inspections into its basic transaction agreements, it states that it will examine the idea of including CSR requirements into the agreements during the year ending March 31, 2013 for the partners in Japan. At the same time though, no mention has been made regarding the policy for agreements with overseas procurement partners.

I believe that Nikon should incorporate both on-site inspections and CSR requirements into its agreements. A benefit for Nikon would be an improvement in the certainty of activities undertaken by its partners, and a benefit for its procurement partners would be better understanding of Nikon's expectations and resulting increased predictability. It is also important that Nikon decide on procedures in the event a problem is identified. I would like to encourage Nikon to continue to advance CSR-oriented procurement in this direction. I would also like to remark that, even more than within Japan, there is a greater urgency outside of Japan for CSR-oriented procurement.

7. Conclusion

Finally, in terms of the report in general, I would like to offer my opinion about information disclosure and dialogue with stakeholders. With respect to information disclosure, Nikon deserves to be recognized for having made disclosures about the diversity of Nikon Corporation's directors and officers. I hope that Nikon will disclose further information along these lines. As for dialogue with stakeholders, my suggestion for the future is to embark on dialogue with overseas NGOs.

External Assurance

To further enhance the reliability of information presented, the Nikon Group has received external assurance starting with this *Nikon CSR REPORT 2012 PDF Version*.



Independent Assurance Report

To the Representative Director and President of Nikon Corporation

Purpose and Scope

We were engaged by Nikon Corporation (the "Company") to provide limited assurance on its CSR Report 2012 (the "Report") for the fiscal year ended March 31, 2012. The purpose of our assurance engagement was to express our conclusion, based on our assurance procedures, on whether energy use and energy use per unit of sales (index), CO₂ emissions and CO₂ emissions per unit of sales (index) and water use of Nikon Group Companies in Japan, problems related to product quality or safety of the Nikon Group and frequency rates of lost time accidents and severity rates at Nikon Corporation and Group Companies in Japan from April 1, 2011 to March 31, 2012 included in the Report (the "Indicators") are prepared, in all material respects, in accordance with the Company's reporting criteria.

The content of the Report is the responsibility of the Company's management. Our responsibility is to carry out a limited assurance engagement and to express our conclusion based on the work performed.

Criteria

The Company applies its own reporting criteria as described in the Report. These are derived, among others, from the Sustainability Reporting Guidelines 2011 of the Global Reporting Initiative and Environmental Reporting Guidelines of Japan's Ministry of the Environment. We used these criteria to evaluate the Indicators.

Procedures Performed

We conducted our engagement in accordance with 'International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board, and the 'Practical Guidelines of Sustainability Information Assurance' of the Japanese Association of Assurance Organizations for Sustainability Information ("J-SUS").

The limited assurance engagement on the Report consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other procedures. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviews with the Company's responsible personnel to obtain an understanding of its policy for the preparation of the Report.
- Reviews of the Company's reporting criteria.
- Inquiries about the design of the systems and methods used to collect and process the Indicators.
- Analytical reviews of the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company's reporting criteria, and also a recalculation of the Indicators.
- Visit to the Company's domestic factory selected on the basis of a risk analysis.
- Evaluating the overall statement in which the Indicators are expressed.

Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the Report are not prepared, in all material respects, in accordance with the Company's reporting criteria as described in the Report.

We have no conflict of interest relationships with the Company that are specified in the Code of Ethics of J-SUS.

KPMG AZSA Sustainability Co., Ltd.

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Tokyo, Japan

August 31, 2012