



Nikon CSR REPORT 2012

PDF Version

Nikon Group Profile

Corporate Data

Company Name: NIKON CORPORATION

Head Office: Shin-Yurakucho Bldg., 12-1, Yurakucho 1-chome,
Chiyoda-ku, Tokyo 100-8331, Japan
Tel : +81-3 -3214-5311

Representative: Makoto Kimura, Representative Director,
President, and Member of the Board

Date of Establishment: July 25, 1917

Capital: ¥65,475 million (as of March 31, 2012)

Net Sales: Consolidated; ¥918,651 million
Non-Consolidated; ¥688,781 million (for the year ended March 31, 2012)

Number of Employees: Consolidated; 24,348 (as of March 31, 2012)

* Permanent, Non-Regular, and Group Company Employees

Non-Consolidated; 5,397 (as of March 31, 2012)

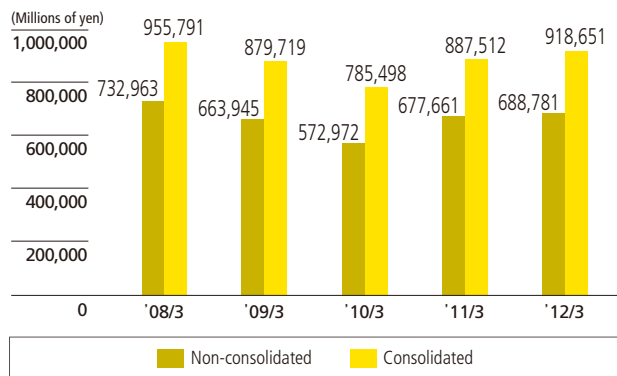
* Employee figures include only permanent and non-regular staff, and do not include employees of Nikon Corporation who are temporarily dispatched to Group companies.

Number of Group Companies by Region (Consolidated)

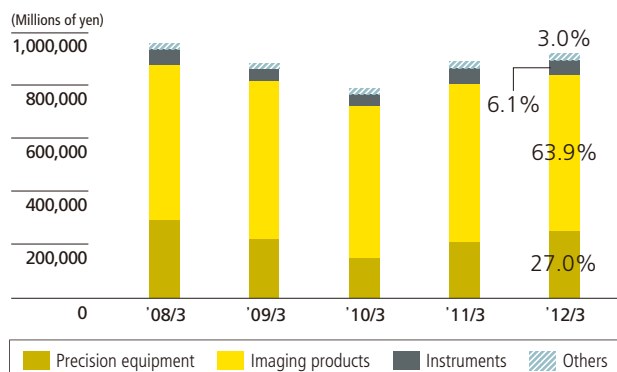
Region	No. of companies
Japanese Nikon Group companies (excluding Nikon Corporation)	15
European Group companies (12 countries)	29
Asian/Oceanian Group companies (9 countries)	15
North American Group companies (2 countries)	9

<http://www.nikon.com/about/info/group/>

Sales (Non-Consolidated, Consolidated)



Sales Breakdown by Business (Consolidated)



Major Businesses of the Nikon Group

Precision Equipment Business (Precision Equipment Company)

IC steppers and scanners / LCD steppers and scanners

Imaging Products Business (Imaging Company)

Digital cameras / Film cameras / Interchangeable lenses / Speedlights /
Photographic accessories / Software / Binoculars / Fieldsopes / Laser rangefinders

Instruments Business

(Instruments Company, Nikon-Trimble Co., Ltd.)

Biological microscopes / Industrial microscopes / Stereoscopic microscopes /
Measuring instruments / Semiconductor inspection equipment / Total
stations / GPS and GIS systems / Surveying CAD systems

Customized Products Business (Customized Products Division)

Customized optical equipment / Space-related equipment / Astronomical-
related equipment / Optical components

Glass Business (Glass Division)

Synthetic silica glass / Calcium fluoride / Photomask substrates for LCD

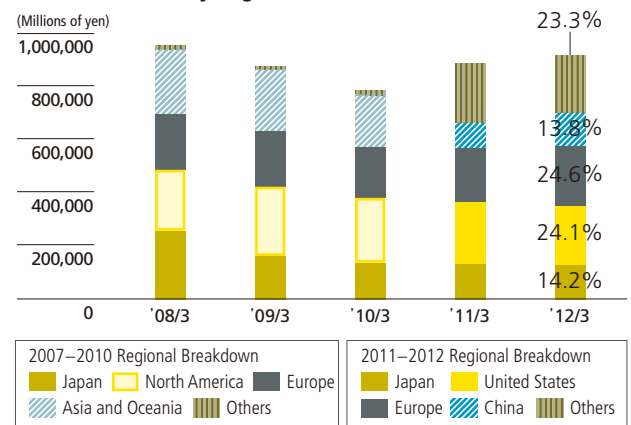
Encoder Business (Encoder Business Promotion Division)

Absolute encoders / Digimicro digital micrometer system / Rotary encoders

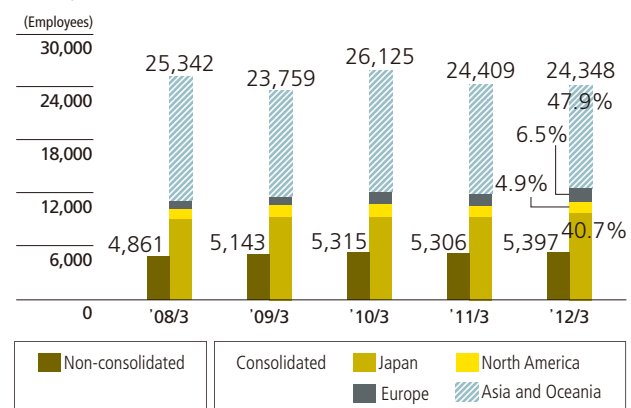
Ophthalmic Business (Nikon-Essilor Co., Ltd.)

Ophthalmic lenses / Hearing aids

Sales Breakdown by Region (Consolidated)



Employee Numbers (Non-Consolidated, Consolidated)



* Consolidated figures include permanent and non-regular staff in the Nikon Group. For regional percentages, employees of Nikon Corporation who are temporarily dispatched to Group companies are included in the region to which they are dispatched, while employees dispatched to non-consolidated companies are not included. Employees of Nikon Metrology NV and its subsidiary Group companies are included in the European figures.

CONTENTS

Editorial policy

The Nikon Group is fully aware that in order to enhance the valued relationship of trust that we have with all stakeholders[□], it is of vital importance to actively and frankly disclose corporate information. As such, this annual report serves as an important tool for promoting communication between the Nikon Group and our stakeholders.

Information disclosure media for CSR[□] reporting

In order to report on the Nikon Group's CSR activities in the fiscal year ended March 31, 2012, we publish a PDF version of Nikon CSR REPORT 2012 (this report) online and a printed digest of the report.

Please also access our website, where we post a range of information in addition to the information provided in this report:

<http://www.nikon.com/>



— A glossary of terms used in this report is included in the appendix



— Related information is available on the Nikon website.



Reporting period and boundary

This report focuses on the period from April 1, 2011 to March 31, 2012 (the year ended March 31, 2011), and also includes matters regarding major developments up until May 31, 2012. In this report, "Nikon" refers to the Nikon brand; "Nikon Corporation" refers to the parent company only; "Group companies" collectively refers to Nikon Corporation's 68 consolidated subsidiaries and two equity method affiliates; and "Nikon Group" refers to Nikon Corporation and Group companies. In cases where a specific boundary is defined, details are clearly specified in each respective section. Unless otherwise stated, the term "employees" includes Nikon Group corporate executives, permanent and non-regular staff, contract workers, dispatched workers, part-time employees, and temporary personnel.

References

This report has been drawn up with reference to the Global Reporting Initiative's *Sustainability Reporting Guidelines*[□] G3.1, the Japanese Ministry of the Environment's *Environmental Reporting Guidelines (2007)*[□], and the International Organization for Standardization's *ISO 26000*[□]:2010 - *Guidance on Social Responsibility*.

Next edition (plan)

September 2013 (previous edition published in September 2011)

Report production department and contact information

CSR Section, CSR Department, Corporate Planning Headquarters
NIKON CORPORATION

Shin-Yurakucho Bldg., 12-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo 100-8331, Japan
Tel: +81-3-3216-1011 Fax: +81-3-3216-1074
Email: Csr.Info@nikon.co.jp

(Environmental matters)

Environmental Administration Section Environmental & Technical
Administration Department Business Administration Center
NIKON CORPORATION

6-3, Nishiohi 1-chome, Shinagawa-ku, Tokyo 140-8601, Japan
Tel: +81-3-3773-1125 Fax: +81-3-3775-9542
Email: Eco.Report@nikon.co.jp

Nikon Group Profile	1
Message from the President	3
One Year on from the Great East Japan Earthquake	5
Feature Article 1: Business Activities and CSR in the Nikon Group	7
Feature Article 2: CSR Activities at Overseas Group Companies	11

Nikon's CSR Foundation

Highlights: Promoting CSR in China and Hong Kong	13
CSR Policy	15
Priority Issues Set Forth in the CSR Medium Term Plan	17
CSR Promoting System and Our Approach to UN Global Compact [□]	18
Priority Issues, Targets and Results	19
Dialogue with Stakeholders	21
Corporate Governance [□]	22
Implementation of a Risk Management [□] PDCA Cycle	24
Quality Control for Nikon Products	26

Expansion and Promotion of Environmental Management

Highlights: Efforts by Nanjing Nikon Jiangnan Optical Instrument Co., Ltd. (NNJC)	27
Environmental Management	27
Product-related Activities	33
Activities at facilities	38

Compliance[□]

Global Promotion of Compliance Activities	45
Highlights: Group-wide Dissemination of the Revised Nikon Code of Conduct	45

Labor Environment for Employees

Stakeholder Dialogue [□] : Workforce Diversity [□] at Nikon	47
Global Management of Issues Related to Human Rights and the Labor Environment	49
Highlights: Improvements in the Labor Environment via Responses to the Great East Japan Earthquake	49
Promotion of Diversity Activities	52
Highlights: Diversity training for managers aimed at enhancing the advancement of diverse employees	52

Co-existence with Society and the Natural Environment

Expansion of Social Contribution Activities Worldwide	55
Highlights: Activities by Volunteer Employees to Support Recovery from the Great East Japan Earthquake	55

Supply Chain[□]

Promotion of CSR Activities in the Supply Chain	58
Highlights: Addressing the issue of "conflict minerals"	58

External Evaluation	61
GRI Content Index	62
Third-Party Comments / External Assurance	65

*Appendix: Glossary

Message from the President

Strengthening the confidence of stakeholders by conducting CSR-oriented business activities and contributing to society



Representative Director,
President, Member of the Board
Nikon Corporation

Makoto Kimura



The Nikon Group sustained considerable damage from the Great East Japan Earthquake in March 2011 and the massive floods in Thailand in October, but by rallying together, we were able to achieve a rapid recovery. I would like to reiterate my heartfelt thanks for the great deal of encouragement and support we received from all our stakeholders from around the world.

In light of the Great East Japan Earthquake and the Thai floods, we are committed to further strengthening our production systems, by reviewing our risk management and BCM systems. We have also reaffirmed that our number one priority is to punctually provide “quality, safety and attractive products and services.”

We recognize that the very process of achieving our corporate philosophy of “Trustworthiness and Creativity” has an element of corporate social responsibility (CSR), and we regard CSR-oriented management as one of our core corporate management policies. In April 2012, with an aim of further promoting CSR-oriented management, we restructured our internal committees, and we made improvements to our CSR-related systems to enable us to promote CSR with a greater focus on more important issues. Our priority issues in CSR remain unchanged for the year ending March 31, 2013, namely: expansion and promotion of environmental management, implementation of compliance activities, respect for human rights and work environments, and promoting diversity in the workforce, co-existence with society and the natural environment, and promotion of CSR activities in the supply chain. Back in 2007, Nikon expressed support for the United Nations Global Compact and its ten principles on Human

Rights, Labour, Environment, and Anti-Corruption. We have since incorporated these ten principles into the priority issues in our CSR activities, and we practice them in good faith. Based on each issue, we have established specific activity targets, and we are globally expanding business activities that are always conscious of CSR. The results of these activities are reported to the CSR Committee, and are monitored to ensure activities are carried out steadily.

In terms of our support for recovery from the Great East Japan Earthquake, in February 2012, we established Nikon Plaza Sendai as an operations base in Sendai City for the promotion of long-term support activities. It has been used as a venue for photo exhibitions and as a place for NPOs and volunteer organizations to communicate information and interact with residents. We also revised our personnel system, such as to assist employees in their positive volunteer activities, and we have sponsored reforestation and various other activities. Furthermore, based on the belief that photos have the power to give people encouragement, under the slogan “Assisting Reconstruction through Photography,” we have produced photo books that are made with pictures taken by junior high school students in affected areas and which are presented to them, and we have also helped organize photography classes.

Based on a corporate philosophy of “Trustworthiness and Creativity,” Nikon will strengthen the confidence of all stakeholders, by carrying out CSR-oriented business activities and contributing to society.

June 2012

Impact of the Thai Floods and Nikon's Response

Following is a report on damage sustained by the Nikon Group from the floods which swept Thailand in October 2011, and the subsequent recovery.

Impact of the Disaster

Nikon (Thailand) Co., Ltd. (NTC) is located in the Rojana Industrial Park in Ayutthaya Province, Central Thailand. The flooding submerged the first-floor levels of all buildings and operations were stopped. The floods peaked at a depth of about 2 meters, causing damage, not only to the buildings, but also to manufacturing equipment and inventory. Fortunately, there were no human casualties.

- * NTC is a manufacturing base for digital SLR cameras, interchangeable lenses, etc.
- * There was no property damage or human casualties at Nikon Sales (Thailand) Co., Ltd., which is located in Bangkok.

Establishment of Emergency Headquarters and Subsequent Recovery

Nikon Corporation set up an Emergency Headquarters for Disaster Control headed by the President, and organized a system for providing support to NTC. Immediately following the disaster, in a Group-wide effort to restore operations, we began producing manufacturing equipment and components at manufacturing bases in Japan. From the end of November 2011, we commenced substitute production at subcontract factories in Thailand. From December, we also utilized a special measure implemented by the Japanese government to allow workers employed by flood-hit Japanese companies to work in Japan. Applying this special treatment about 300 NTC employees came to Japan on short-term working visas to assist in manufacturing operations at bases in Japan.

Meanwhile, immediately following the disaster, NTC set up a temporary office in Bangkok and endeavored to gather information. It also obtained permission to enter NTC premises, and worked to salvage and remove submerged equipment. At the end of November 2011, the industrial park completed work to pump out water from around NTC, allowing operations to recommence from the beginning of January 2012, starting with the production of certain models.

As a result of these measures, as of March 31, 2012, Group-wide production volumes of digital SLR cameras and interchangeable lenses had recovered to normal levels

as original recovery plan. Going forward, we will proceed with preparations for full-scale operation at NTC, and in light of the floods this time, we will consider our disaster mitigation measures and work to further strengthen our production systems.



Ms. Yingluck Shinawatra, Prime Minister of Thailand, offering words of encouragement to NTC employees (Sendai Nikon Corporation, March 2012)

Assistance for Communities

Nikon Corporation donated 12 million bahts (about 30 million yen) to the Royal Thai Government to support affected areas and victims of the floods.

Assisting Reconstruction through Photography

The Nikon Group formulated the slogan "Assisting Reconstruction through Photography" for our long-term initiatives for support for the victims of the Great East Japan Earthquake and the rehabilitation of the affected communities. Nikon believes that the power of photography will encourage the disaster victims and become one of the driving forces toward recovery.

Web The latest on these initiatives will be posted on the Nikon website.

<http://www.nikon.com/about/csr/society/support-activities/photography/>

Photo Book Project for Junior High School Students

We have produced photo books that are a compilation of pictures taken by junior high school students in affected areas, and which are then presented to them.

Students at Toni Junior High School in Kamaishi City had been actively using digital cameras since just after the earthquake. During the year ended March 31, 2012, under the guidance of their teacher, the students worked on taking photos on three themes: Signs of Rehabilitation, Scars of the Earthquake, and Smiling Faces. They then



Student photos presented at the school's cultural festival. The gym, where the photos were exhibited, has doubled as a classroom since the earthquake (Toni Junior High School)



Students choosing photos for their photo book (Toni Junior High School)



presented these photos at their school's cultural festival in autumn. Titles and comments have also been added to each photo. Nikon Corporation helped the students turn these pictures into photo books. We have also provided this same support to two other junior high schools.

In collaboration with Recovery Assistance Media Team organized by the NPO Visual Media Producers Association, we plan to continue this activity and broaden the scope of eligible junior high schools.

Nikon Plaza Sendai

Nikon opened the Nikon Plaza Sendai in the AER Building adjacent to the JR Sendai Station, as a base for activities supporting reconstruction. In addition to being provided as a place for NPOs and volunteer organizations, which are active in the Tohoku prefectures affected by the Great East Japan Earthquake, to present reports and put on exhibitions, Nikon Plaza Sendai has also been used as a base for Nikon Group employees to conduct their reconstruction support activities. Furthermore, it is also being operated as a facility for providing general services related to image equipment.



The AER Building where Nikon Plaza Sendai was opened

Themed Exhibition at the Nikon Salon

Nikon Corporation simultaneously held a series of themed exhibitions entitled "Remembrance 3.11" at two Nikon Salons in Ginza and Shinjuku from February to March 2012. Marking the first anniversary since the earthquake, the themed exhibitions reflected on this unprecedented catastrophic earthquake through a series of eight special exhibitions and five symposia. The themed exhibitions were designed to highlight the significance of the earthquake from the perspectives of several different exhibitions and dialogues, to serve as a clue for reconstruction.

Support for Other Photo-Related Activities

Supporting "the Project to Restore Your Memories"

The Nikon Group supports "the Project to Restore Your Memories". The project is being run by the Japan Society for Social Service, and is an endeavor to restore damaged photographs by means of image processing. We provide dedicated accounts free of charge for this project to Nikon's "my Picturetown" photo sharing and storage service.

Supporting the CIPA Photo Aid Fund

As a corporate member of the Camera & Imaging Products Association (CIPA), Nikon Corporation supports and finances the CIPA Photo Aid Fund, which was set up by CIPA and the Nippon Foundation.

Web CIPA Photo Aid

<http://www.cipa.jp/photo-aid/english/>

Supporting the "Portrait Photos of Family Members standing out for Recovery" Project

Nikon Imaging Japan Inc. supported "Portrait Photos of Family Members standing out for Recovery" Project, a photography project sponsored by the All-Japan Association of Photographic Societies. Under the project, victims living in temporary housing in Soma City, Fukushima Prefecture, have their photos taken and are provided with a printed album plus a DVD. The project was run for a total period of 14 days between November 2011 and January 2012. Nikon Imaging Japan Inc. provided equipment and assisted photographers who visited studios set up in assembly halls at each of the temporary housing sites.



Photo shoot in the "Portrait Photos of Family Members standing out for Recovery" Project

Photograph provided by: The All-Japan Association of Photographic Societies

Activities within the Nikon Group

Implementing power-saving measures

The Nikon Group is endeavoring to reduce CO₂ by implementing a number of power-saving measures on a daily basis, including room temperature management, lights-out during lunchtime, reductions in standby power consumption, and implement "no overtime" days.


During the year ended March 31, 2012, dealing with the undersupply of power as a result of the Great East Japan Earthquake became a significant challenge. The Japanese government requested a 15% year-on-year reduction in peak power consumption, and Nikon Group companies in Japan responded to that request by enhancing monitoring and by means of the following measures:

- 1) Thorough reductions in peak power usage at all business facilities: In addition to routine power savings, turn off lights in common areas, and turn off the heaters in washlet toilets
- 2) Effective measures to cut peak electricity demand at each business facilities: Take advantage of emergency power

supplies, and concentrate the areas used for overtime work

- 3) Operations on a rotating-basis by deviding plants into some groups: Adopt a system whereby at least one group is shut down every day by preparing different operation calendars that schedules operating days even in Saturdays and Sundays.

As a result, not only did we reduce peak power consumption, but we also kept overall consumption down. The reduction in power consumed at each of Nikon Corporation's plants and at the major Group manufacturing companies exceeded 10% year-on-year (calendar year basis). Utilizing this experience, we will continue to promote a shift to more energy-efficient production equipment, and we will strive to reduce the power consumption of computers and lighting in the administrative divisions and offices where the reduction effect had been large.

- Enhancing the BCM  System (→P24)
- Volunteer Activities by Employees (→P55)

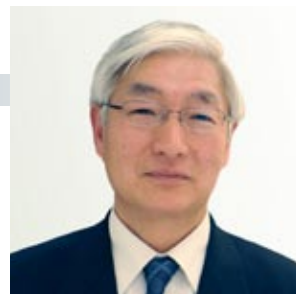
Business Activities and CSR in the Nikon Group

One of the basic commitments of the Nikon Group is its determination to contribute to the substantial development of society through its business activities. Based on this idea, each business division undertakes a variety of initiatives to meet customer expectations.

Precision Equipment Company

Customer Satisfaction & Social Contribution

We contribute to the information society using our manufacturing strength backed by our advanced optics and precision technologies.



Toshio Matsuura

Executive Assistant to General Manager of LCD Equipment Division, Precision Equipment Company, Nikon Corporation

Supporting the information society with our manufacturing strength

Electronic devices have brought us closer to the information society. There are two key components leading to this major advance: Semiconductors (ICs) and LCD panels.

The Precision Equipment Company develops and manufactures the equipment essential for the manufacture of ICs and LCD panels. In February 2012, the development of multi-lens array type exposure equipment by our LCD Equipment Division won the Prime Minister's Award in the Manufacturing and Production Process Category as part of the Fourth Monodzukuri Nippon Grand Award.

The Monodzukuri Nippon Grand Award, established in August 2005, is an award presented by the Prime Minister. The award aims to develop and pass on the "monodzukuri" (the art of making goods) that has supported the growth of Japan's industry and culture and has contributed significantly to the enrichment of our lives.

Exposure equipment supporting our information society



Development of exposure equipment that integrates advanced technologies

The multi-lens array method is a technology developed for a projection optical system in LCD scanners that expose circuit patterns for LCD panels onto a glass plate.

We developed a self-calibration system that finely adjusts the multi-lens array. This enables the patterns exposed by each of the lenses to be stitched smoothly.

Since conventional equipment has a small exposure field, it was difficult to mass-produce large-size panels.

However, this method enables exposure of a large area with a single scan, thereby accommodating ever-increasing glass plate sizes as well as realizing efficient production of high-grade, large-size panels.

For the first time ever, this method became a practical reality, not only because of the projection lenses but also thanks to the technologies that resolved various challenges associated with the increasing size of glass plates, such as control of large stages weighing several tons with submicron accuracy and dealing with post exposure pattern distortions.

In addition to Nikon's unsurpassed optics technology and ultra-precise control technology, this award acknowledges the fact that the efficient mass-production of large-size LCD panels using the exposure equipment equipped with this method has promoted the rapid spread of large-size TVs, laptop PCs and LCD monitors and has contributed to the enhancement of our lives and advancement of the information society. The Precision Equipment Company will continue to pursue the development of various technologies that contribute to the information society.



The awards ceremony at the Prime Minister's official residence

Imaging Company

Human resources development & community contribution

Good products come from good production environments.
We promote CSR activities as the basis of business.



Liu Gang

In charge of CSR, Nikon Imaging (China) Co., Ltd.

NIC, overseas Group company in charge of producing Nikon 1 V1 and J1

Nikon Imaging Company creates new value for customers and advances photography as a culture by conducting a diverse range of image-related activities. In 2011, Nikon released Nikon 1 V1 and J1, advanced cameras with interchangeable lenses. They are manufactured at Nikon's Group company in China, Nikon Imaging (China) Co., Ltd. (NIC). NIC is also responsible for producing the COOLPIX series of compact digital cameras. NIC believes that, in order to provide society with safe, high-quality products, it is important to prepare a good production environment, and it is engaged in CSR activities as the basis for this.

Spread of compliance education

NIC conducts extensive compliance education so that employees can gain a complete understanding of the Nikon CSR Charter and Code of Conduct, and so that they can apply these to their daily work. An environment has been created in which all employees can receive education. Not only do new employees get compliance education as part of their training, there is also computer-aided learning as well as studies at morning meetings.



Computer-aided compliance education

Green procurement & CSR-oriented procurement

Diversification of the products we manufacture means that there is now a wider range of materials and parts that we need to procure. As a consequence, we have strengthened procurement to conform with the Nikon Basic Green Procurement Policy and the Nikon Procurement Partners' CSR Guidelines more than ever before. We are making steady progress in green procurement and CSR-oriented procurement, such as conducting activities to assess suppliers in coordination with Nikon Corporation's Environmental & Technical Administration Department and the Procurement & Facilities Management Department, and giving

priority to suppliers that are actively engaged in environmental conservation or other CSR activities.

Assistance for university students

In cooperation with regional government agencies, we provide support to university students experiencing financial difficulties. We provide financial assistance to university students who are getting good grades, but who are finding it difficult to keep studying due to economic reasons. During 2011, we provided support to 11 students.



Financial support handed to the parent of a university student

Volunteer activities

The 2011 China (Wuxi) Wu Culture Festival was held in April 2011. Wuxi was the birthplace of the Kingdom of Wu, one of the famous Three Kingdoms. This great festival is organized once a year by Wuxi City under the theme "carrying on the Wu culture, realizing cultural promotion," and it is visited by many people from neighboring areas. Employees from more than 20 foreign firms in Wuxi New District, including NIC, participated as volunteers, allowing us to deepen our exchange with the local community.



Wu Culture Festival

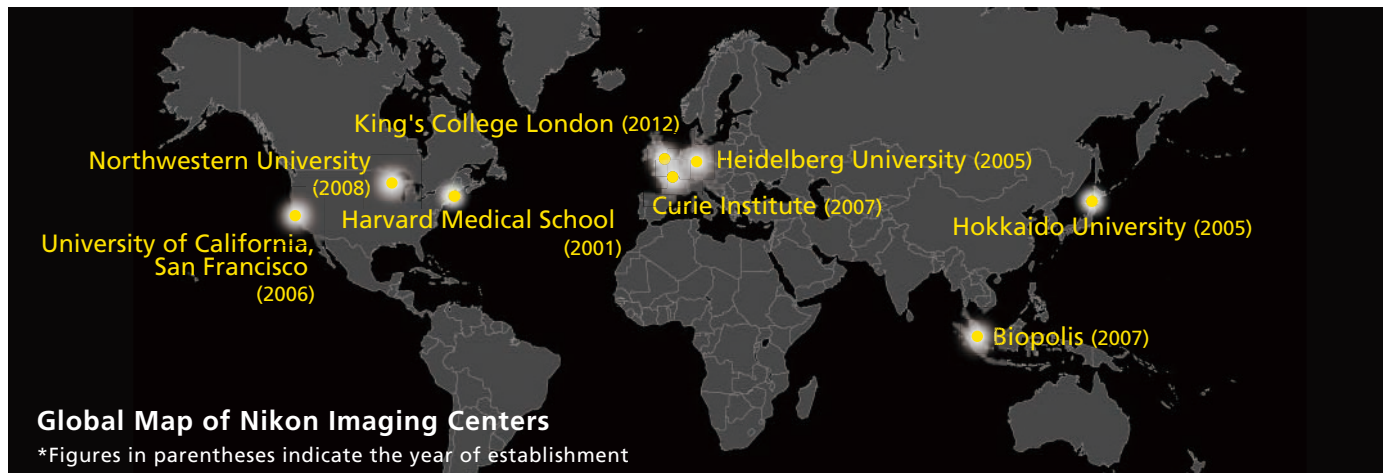
Instruments Company

Customer Satisfaction & Social Contribution

We contribute to the advancement of bioscience by providing equipment to state-of-the-art research and education facilities.

Shoko Hara

Sales Promotion Section, Bioscience Marketing Department, Instruments Company, Nikon Corporation



Nikon Imaging Centers: contributing to research and education

Products made by the Nikon Instruments Company have a very diverse range of applications, covering everything from research fields such as medicine and biotechnology to industrial sectors such as pharmaceuticals, electronic components, and automotive parts. The Nikon Group develops new products and new imaging technologies to keep pace with a multitude of new discoveries and new customer needs.

We also contribute to the advancement of bioscience by providing research and educational institutions with cutting-edge microscopy equipment. As part of this contribution, Nikon has partnered with the world's most distinguished universities and research centers to launch "Nikon Imaging Centers" on science campuses around the world. These centers have been instrumental in the grand success and achievements of the researchers who use them.

At present, there are eight Nikon Imaging Centers in total — three in the United States, two in Asia, and three in Europe — and each is set up adjacent to the laboratories in the research institutions of which it is a part. While the Centers are primarily operated by their respective universities to meet the needs of their research institutions, Nikon is also able to use them as a showroom for microscopes and as a place to educate and train researchers, Nikon employees, and other parties.

Many researchers and future research leaders at Nikon Imaging Centers have a great fondness and appreciation for Nikon's "A1" state-of-the-art laser scanning confocal microscopy systems and inverted microscopes such as the Eclipse Ti inverted microscope. This in turn leads to a deeper understanding of the principles of microscopy and to the discovery of more advanced applications. Research using these instruments is cited in over 270 research papers.

Partnerships helping to advance research and products

At Nikon Imaging Centers, users, Center staff, and Nikon specialists share information relating to product performance, product needs, and research validation. Nikon also considers this information as a valuable opportunity to determine new applications and needs. For example, at the Nikon Imaging Center at Heidelberg University, seminars jointly sponsored by Nikon Instruments Europe B.V. are held every year, and about 100 participants, from beginners to the experienced, get to learn about imaging.

Last year, we had an opportunity to talk directly with users at the center at Heidelberg University. We were able to ask them about the latest applications and how Nikon products were contributing to research, as well as about any issues or requests they had for future improvements.

More than just providing the latest Nikon products, our hope is to utilize these centers as places for communicating with researchers, and to contribute to the further advances in the field of bioscience.

Encoder Business

Social Contribution

Moving toward a society where people and robots live in symbiosis.
Supporting the evolution of robots.

Toru Morita

Manager, First Development and Design Section, Encoder Business Promotion Division, Business Development Headquarters, Nikon Corporation



Robots evolving in response to social needs

Japan is sometimes called the land of robots. A typical example is the industrial robot. In production lines for automobiles for instance, industrial robots perform around the clock. Service robots too, such as those that clean and those that give directions, are being increasingly put into practical use in a variety of areas. Researchers and developers for one of these—the nursing robot—are hurrying ahead of the imminent super-aging society. As technology has evolved, there is no doubt that society has already begun to take steps toward people and robots living in symbiosis.

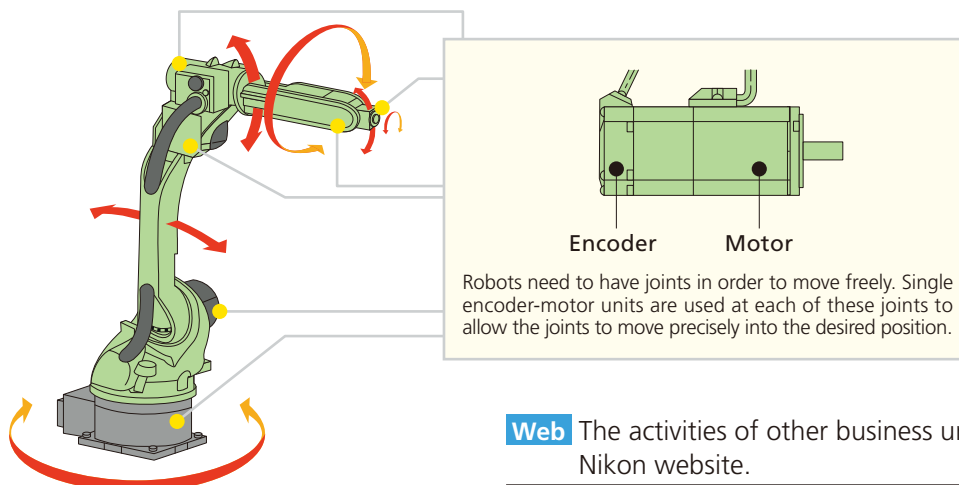
Encoders: pivotal for robots to move with precision

The Encoder Business Promotion Division supplies robot manufacturers and motor manufacturers with a wide range of position sensors for controlling robots. These are called “encoders.”

Most robots have joints similar to humans, and being able to detect the angles of these joints with accuracy affects the movement of the robot. An encoder is used on each joint of the robot as a sensor to sense these pivotal angles.

Nikon's encoders are used extensively in industrial robots and service robots. One of these is the MAR-M40A, and with this product, we have set the global benchmark for thinness among encoders of similar specifications. The MAR-M40A is used by many customers who comment, “We wanted to achieve high-precision robot movement, but we only had limited space into which to fit the encoder.”

Relationship between encoders and the unrestricted movement of robots



Developing a flat encoder to support evolution

Motors need a large capacity in order to generate more power. Therefore, in order to make robots smaller and to derive greater power, encoders need to be smaller in size.

With the MAR-M40, we successfully achieved a thinner encoder, by adopting a reflective optical system for the optical detection system inside the encoder, and by conducting countless technological tests and making numerous improvements, including efforts to enhance the performance and to increase the integration of electronic circuits. As a result, more and more robots and motors are using Nikon's encoders.

By working to further enhance the performance and reliability of encoders, we will continue to support both the evolution of industrial robots that underpin manufacturing in Japan and the evolution of service robots that care for our aging society.



MAR-M40

Web The activities of other business units are also posted on the Nikon website.

<http://www.nikon.com/about/csr/feature/business-activities/>

CSR Activities at Overseas Group Companies

With manufacturing and service bases around the world, the Nikon Group maintains high standards of quality control, and conducts a range of CSR activities as an enterprise with its roots in the local community. As an example of these activities, we will introduce the initiatives taken at four Group companies.

Europe: Nikon Nordic AB (AB)

Compliance workshop

In May 2011, the entire staff from Sweden, Denmark, Norway, and Finland participated in a workshop held by Nikon Nordic AB in Finland. As one part of the workshop facilitators had a two-hour session regarding CSR activity. Various Code of Conduct (CoC) issues were also brought up. In general, all employees have a responsibility to follow Nikon's CoC, but sometimes we end up in "grey zones." Facilitators presented some difficult situations to the participants and asked them "how would you normally act," and "what's the best way to act." Some discussions took place in the full group and some in smaller groups. These discussions heightened participants' awareness of the issues.



Employees taking part in a workshop in Finland

Participating in the workshop

The workshop threw us various questions mixed with bits of humor. There was not necessarily a single correct answer to the questions, and so they led to some good discussion. This made the workshop very productive. I felt that the workshop was very meaningful because we all left with an understanding of how we could improve awareness in many ways, both as an individual and also as a member of a team.

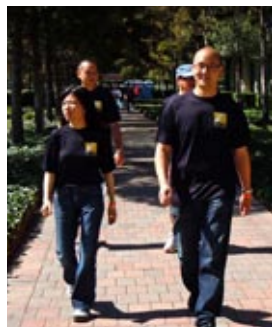


Lotte Kallas
Office Manager, Danish Branch
Nikon Nordic AB

United States: Nikon Precision Inc. (NPI) and Nikon Research Corporation of America (NRCA)

Contributions to society Employee participation in the Charitable Contributions Program (CCP)

In order to support activities for social welfare, a committee comprised of employees selects which organizations to support and conducts fund-raising activities. Funds for one of these organizations—the American Heart Association (AHA)—have been raised for seven years now, with employees also participating in charity walks. The CCP also collects donations to support the development of neighboring communities as well as reconstruction assistance for countries stricken by natural disasters. The Group companies also match donations collected by employees to support programs with the employees and companies are actively involved in.



Employees taking part in an AHA charity walk

Positive effect on employees

By running the CCP, our company connects with neighboring communities and helps make them more viable and safe. The CCP also has an effect on employees. Employees have come to a deep understanding that their activities are helping to improve the lives of the people around them. Through these activities, the Nikon brand has gained broad recognition within the community, and employees have gained a stronger sense of solidarity with other employees and a stronger sense of belonging to the company.



Cecilia Vidal
(Chairperson of the Charitable Contributions Committee)
Project Engineer, Nikon Precision Inc.

Asia: Nikon (Malaysia) Sdn. Bhd. (NMY)

Contributions to society

Supporting children's futures through photography

As one CSR effort in 2011, Nikon (Malaysia) Sdn. Bhd. chose 20 underprivileged children who had passion in photography but did not have the opportunity to showcase their talent. These children were each presented with a camera and invited to participate in a photography workshop. During the outdoor photography shooting at a local park, the children had a marvelous time capturing images of the various species of birds and were given an overview of photography by Nikon volunteers. The following 2 week, they visited the children's homes to provide morale and technical support to enhance their passion in photography. A panel of judges selected the children's best photos, which were then displayed for public viewing and sale. Proceeds from the sale of the photos were then channeled to the children's savings accounts for their future education funds.



Children taking part in a photography workshop in Kuala Lumpur

A motto of "we share, we care"

One of the activities we do to contribute to social development is sharing time with children in photography workshops, and providing them with opportunities to enhance their photography skill. Our role in this is to discover and nurture their hidden talents. At times their talents amazed us adults, and at times they humbled us. Through this activity, we hope to show the children that society cares and that they are never alone.



Mok Chuang Ming

Human Resource &
General Affairs Executive
Nikon (Malaysia) Sdn. Bhd.

Asia: Nikon India Private Limited (NIND)

Customer satisfaction

Utilizing the opinions voiced by customers to improve after-sales support

NIND has launched "Happy Call," an initiative where NIND call customers who have previously put in a request for repair and ask them in person about what they thought of the response provided by the service center. This activity enables the company to confirm customers' satisfaction level from their own words. As well as assisting NIND to understand and improve the service level in terms of customer satisfaction, repair time, and ratio of repeat repairs, it has also narrowed the sense of distance between NIND and their customers, and has enabled the company to get a more accurate grasp of customer expectations.



Call center

Further enhancing Nikon's quality and trustworthiness

The motive behind adopting the "Happy Call" activity was that we wanted to further enhance the quality and trustworthiness that Nikon had earned over the decades. In order to maintain a high level of service, we also made additional improvements to this activity while taking local customs and cultures into consideration. On average, we speak with 500 customers every week. Listening to the views of customers firsthand is very meaningful. We will continue to strive to improve customer satisfaction while resolving any problem areas raised by customers.



Tarun Siwach

Call Center Supervisor
Nikon India Private Limited

Web The activities of other Group companies are also posted on the Nikon website.

<http://www.nikon.com/about/csr/feature/activity/>



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

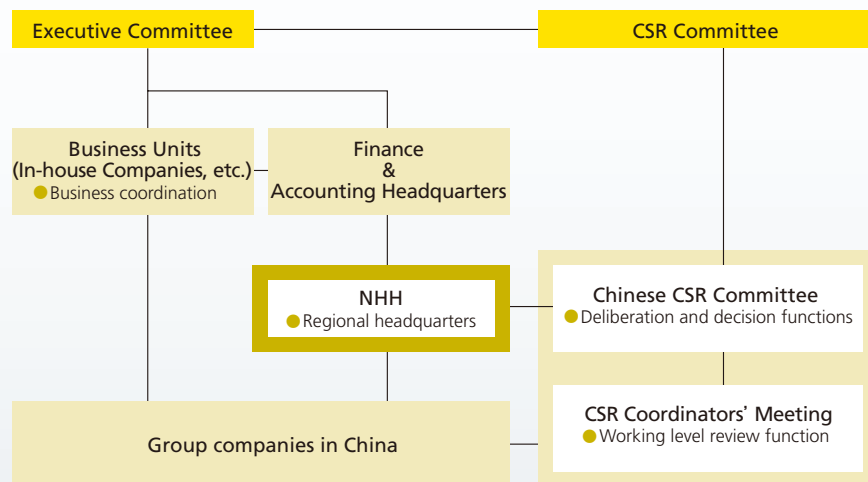
In the past, learning about Nikon's corporate philosophy and Code of Conduct was initiated at the individual companies as group-global efforts. During the year ended March 31, 2012, Group companies in China set about activities aimed at further increasing employee awareness of compliance, keeping step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



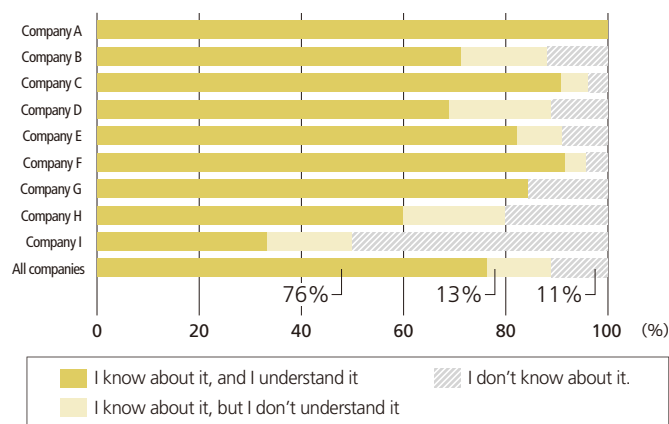
Companies Making up the Chinese CSR Committee

- 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.

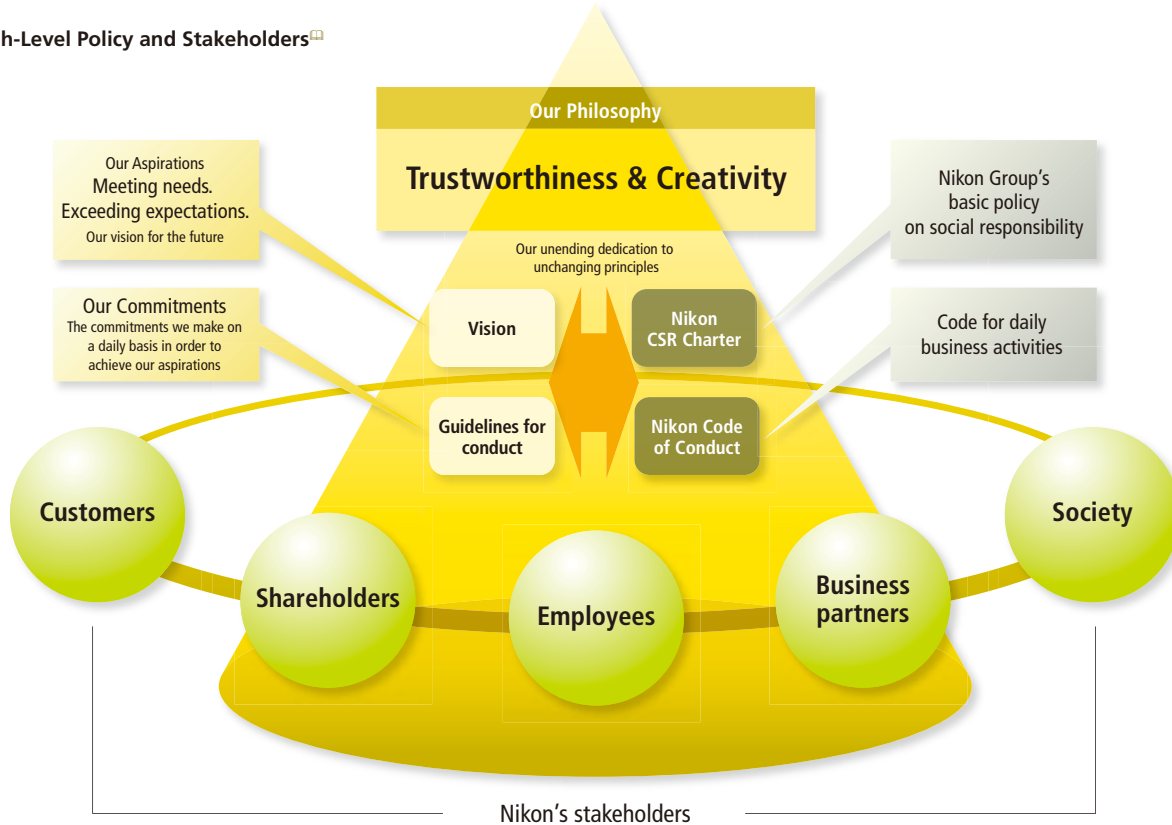
Extending CSR activities to Group companies in Asia outside the China-Hong Kong region

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

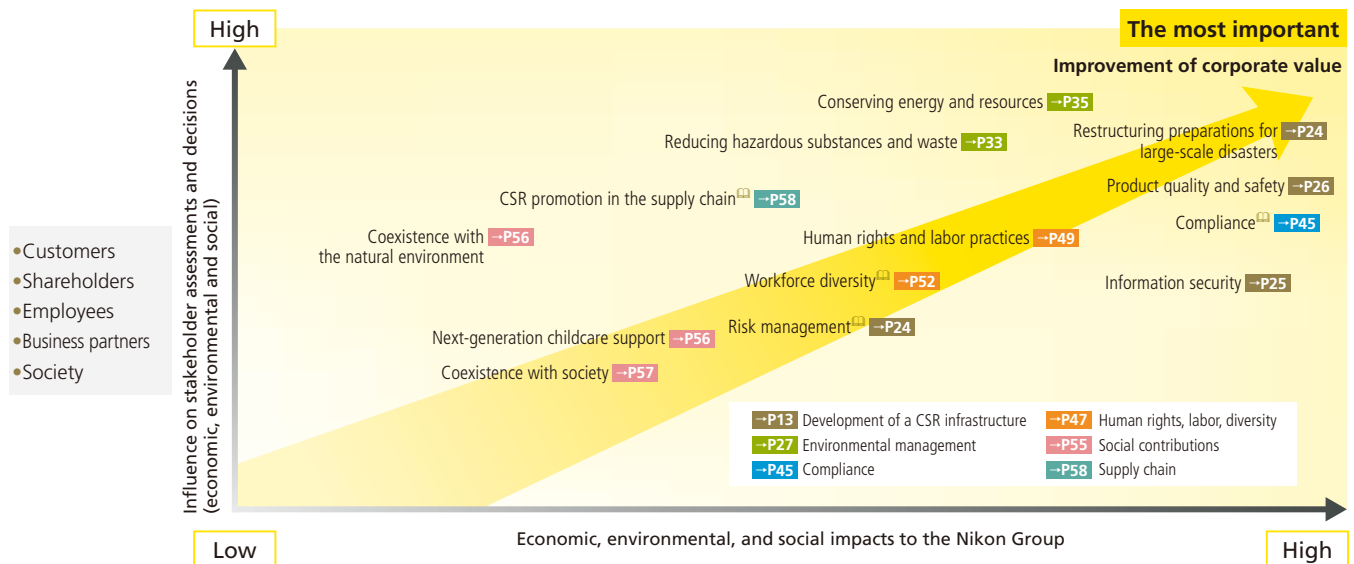
The Nikon Group believes that CSR is a process to embody its corporate philosophy of “Trustworthiness and Creativity,” and upholds “CSR-oriented management” as one of its priority management issues. For CSR promotion activities, we work to identify priority issues, set the medium term plans for each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

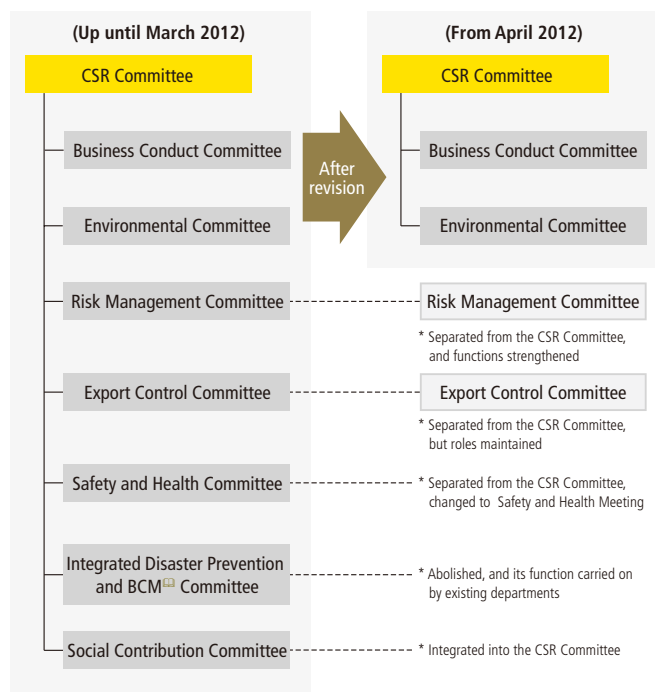
In order to promote CSR in a more effective and efficient way in the Nikon Group, specialized subcommittees are established under the CSR Committee. They are cross-functional and reinforce cooperation in the group.

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

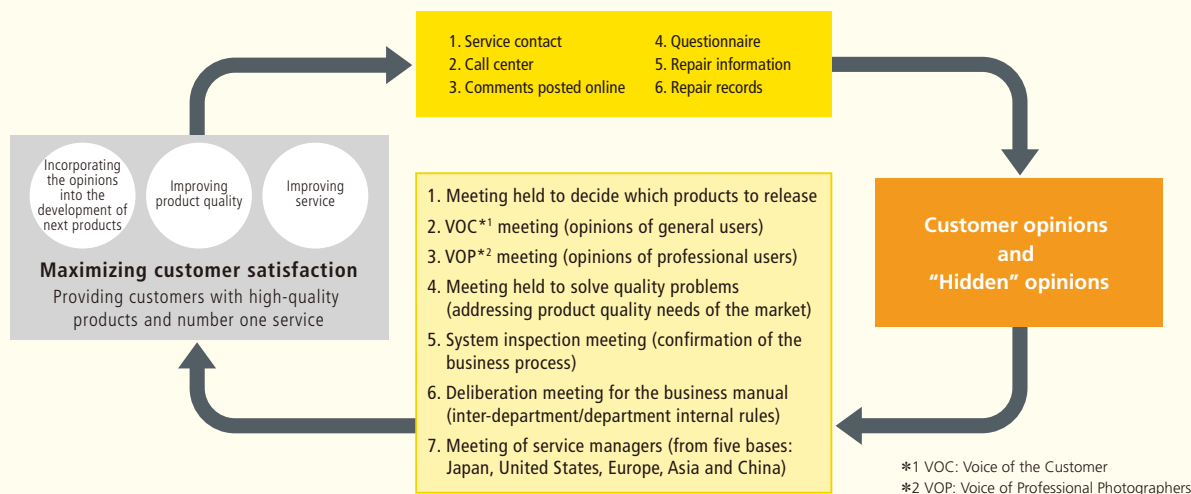
Dialogue with Stakeholders

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

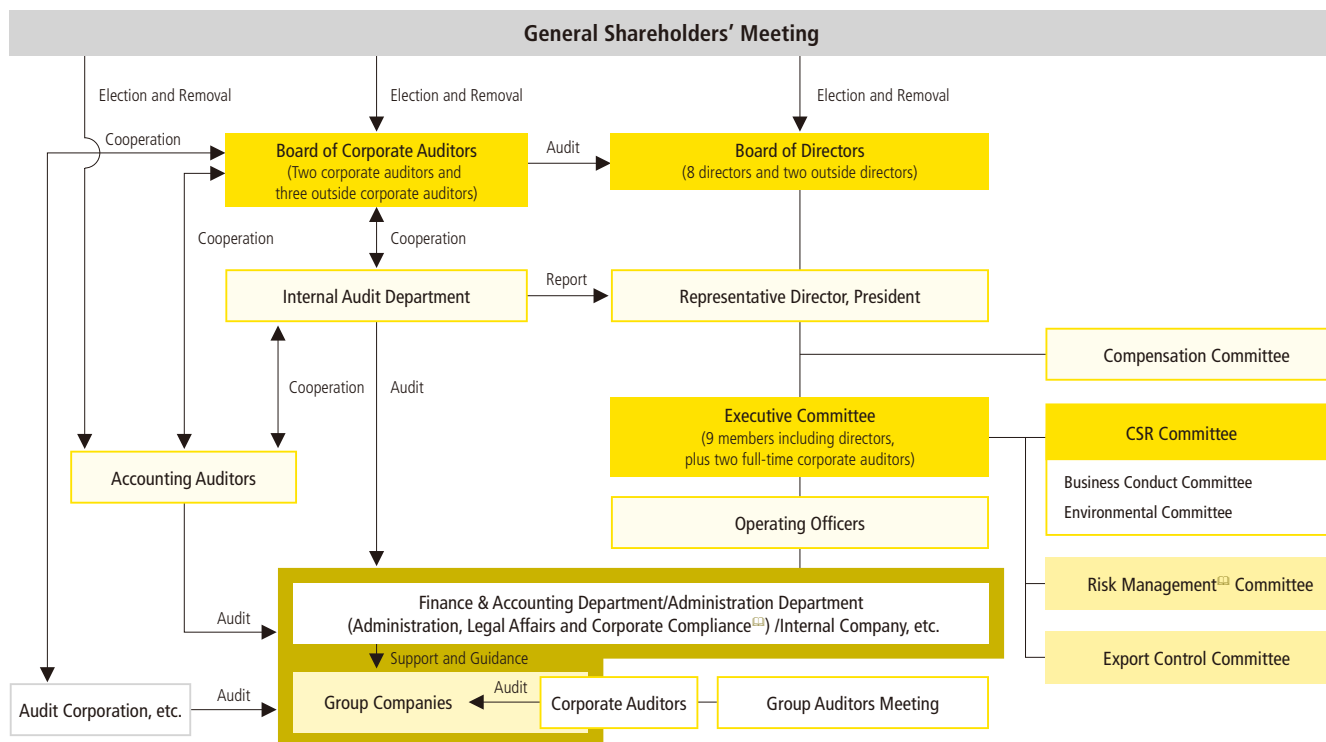
The members of the Board of Corporate Auditors periodically attend important meetings such as those of the Board of Directors and Executive Committee in order to supervise the execution of duties by the directors, and to perform monitoring and auditing of corporate management and directors. Three independent 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[®] 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[®] 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.

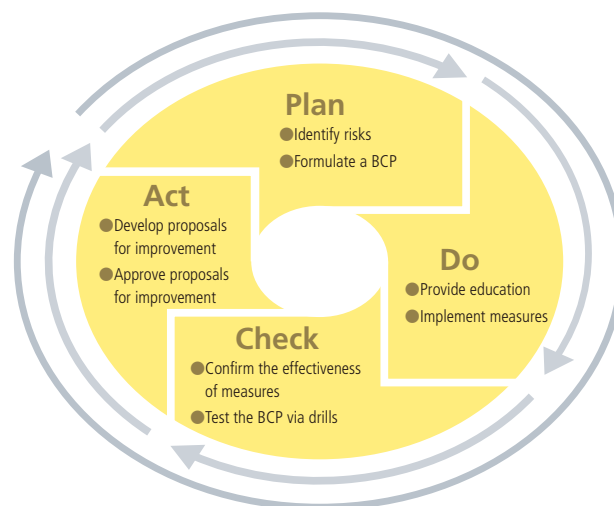
The previously limited topics dealt with by the Risk Management Committee have also broadened to cover risks in general. New functions have also been added to the committee, including the identification of potential risks and risk assessment (prioritization).

Enhancing the BCM System

At the Nikon Group, BCPs[®] 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.

Expansion and Promotion of Environmental Management

Highlights

Efforts by Nanjing Nikon Jiangnan Optical Instrument Co., Ltd. (NNJC)

NNJC commenced full-scale environmental initiatives in 2007 amid a rising momentum for environmental measures in China in preparation for the Beijing Olympics. With little knowledge and no expertise on the environment yet, it was a start without a clear direction. We launched the Environment and Safety Committee, established a secretariat, and introduced a simplified EMS. At the same time, a walk-through survey on energy efficiency[□] was conducted by the relevant departments at Nikon Corporation, and specific areas for improvement were identified.

The thermal insulation of existing buildings was not particularly good, and any major replacement of facilities and equipment would have required enormous outlays. Therefore, we began with raising awareness for the importance of energy conservation, and getting all employees to make more immediate improvements. We steadily implemented improvement after improvement, such as reviewing the temperature settings on the air-conditioning systems, thinning out the fluorescent lights, rendering the amounts of energy consumed in each process into a visible form, and reducing air leaks from air guns. During the year ended March 31, 2010, we achieved our target of 15% reduction in CO₂ emissions per unit of sales compared to the year ended March 31, 2006. We were also certified under the Nikon Group's integrated ISO 14001[□] environmental management system during the year ended March 31, 2011.

In June 2011, in recognition of these solid efforts, we received an Outstanding Environmental Contribution Award as part of the Nikon Environmental Commendation Program. At NNJC, efforts are underway for further energy savings and CO₂ reductions. For instance, we have plans to introduce individual air-conditioning systems, and for energy-saving measures when rebuilding or extending our existing buildings.



Members in charge of promoting environmental measures



Energy-saving power strips distributed to all employees, along with labels urging employees to turn them off when going home or leaving the office

Voice Significant results achieved by improving environmental awareness

Prior to conducting activities for the reduction of CO₂ emissions, employees were not all that aware of environmental problems. I think this was the reason why there was so much wasteful use of electricity and energy. In promoting activities for the reduction of CO₂ emissions, we first educated employees about the environment. We also kept records of monthly electricity usage that employees could physically see, and we reaffirmed how activities were going in conjunction with utilization of the environmental management system based on ISO 14001. As a result of these activities, employees became much more aware of the environment, and we achieved success in reducing CO₂ emissions. Going forward, in addition to reducing CO₂ emissions, NNJC will also endeavor to achieve zero emissions[□] of waste.

Chen Hao
General Affairs Section, Management Department,
Nanjing Nikon Jiangnan Optical Instrument Co., Ltd.



Environmental Management

In committing the entire group to the Nikon Basic Environmental Management Policy and engaging in effective environmental preservation through its Environmental Management System (EMS), the Nikon Group aims to become an environmentally harmonious enterprise that contributes to the development of a recycling-oriented society in all its business activities.

The Nikon Basic Environmental Management Policy

The Nikon Group created the Nikon Basic Environmental Management Policy, which aims to prevent environmental pollution by using

resources efficiently and helping to preserve the global environment so that it would be able to pass on a sustainable and healthy environment to further generations. Following are the action guidelines that form the framework for this policy.

Action Guidelines

- (1) We will make every effort to promote reductions of CO₂ and waste emissions, reuse and recycling, while encouraging energy and resource conservation, waste reduction and conscientious waste processing with the goal of creating an environmentally-conscious recycling society.
- (2) We will perform environmental and safety reviews, including those to conserve biodiversity[□], at every stage of planning, development and design, in order to provide products that fully comply with environmental protection aims.
- (3) At every stage of production, distribution, use and disposal, we will actively introduce materials and equipment that are effective in protecting the environment, including conservation of biodiversity, strive to develop and improve technologies in this area, and work to minimize environmental burdens.
- (4) We will meet targets for reduction of our environmental burdens and use of harmful substances, and continue to improve our environmental management system through environmental audits and other means.
- (5) We will develop and follow a rigorous code of standards, in addition to observing all environmental conservation treaties, national and regional laws and regulations.
- (6) We will conduct ongoing education programs to further employee knowledge of environmental issues and promote employee involvement in environmental activities.
- (7) We will provide business partners with guidance and information to promote optimal environmental protection activities.
- (8) In cooperation with our stakeholders[□], we will participate actively in the environmental protection programs of society at large, and actively disclose information.

Business Activities and the Environment

A company is like a living organism, functioning within the global environment. As it grows, providing products and services to society, it consumes various resources and energy and generates waste. As the need to build a recycling-based society grows, companies must also gain a clear understanding of their own environmental impacts and execute more advanced ecological management.

In addition to making steady efforts to reduce waste and other environmental impacts, the Nikon Group has also been actively engaged in its own unique activities, a notable example of which is the development of Eco-glass[□], which has an amazingly small environmental footprint. During the year ended March 31, 2012, we sought to expand the scope of our environmental management system, and we continued to focus our efforts on CO₂ emissions reduction and on the reduction and management of hazardous chemical substances.



Nikon Environment Symbol

Relationship with the Environment in the Nikon Group's Business Operations



Expansion and Promotion of Environmental Management

Nikon Group's Principal Environmental Impacts (for year ended March 31, 2012)

INPUT		Nikon Corporation facilities	Group manufacturing companies in Japan	Units
Energy	Electricity	160,695	92,159	MWh
	City gas	6,013	1,425	thousand Nm ³
	Liquefied Petroleum Gas (LPG)	422	2,155	t
	Heavy oil	10	836	kl
	Kerosene, light oil, etc.	49	124	kl
	Water	2,126	899	thousand m ³
PRTR [☞] substances	2-aminoethanol	1,573	0	t
	Ferric chloride	0	4,800	t
	Hexavalent chromium compounds	0	2,071	t
	Chromium and trivalent chromium compounds	0	1,791	t
	Dichloropenta-fluoropropane	0	1,475	t
	Toluene	0	3,887	t
	Lead compounds	11,602	0	t
	1-bromopropane	27,232	54,782	t
	Boron compounds	3,023	17,138	t

OUTPUT		Nikon Corporation facilities	Group manufacturing companies in Japan	Units
CO ₂ emissions	Electricity	60,290	36,636	t-CO ₂
	City gas	13,492	3,271	t-CO ₂
	Liquefied Petroleum Gas (LPG)	1,265	6,463	t-CO ₂
	Heavy oil	27	2,265	t-CO ₂
	Kerosene, light oil, etc.	127	310	t-CO ₂
PRTR substances emissions to the air	2-aminoethanol	0	0	t
	Ferric chloride	0	0	t
	Hexavalent chromium compounds	0	0	t
	Chromium and trivalent chromium compounds	0	0	t
	Dichloropenta-fluoropropane	0	1,382	t
	Toluene	0	3,116	t
	Lead compounds	0.008	0	t
	1-bromopropane	24.772	40,875	t
Wastes including valuable resources	Boron compounds	0.004	0.024	t
	Amount discharged	3,123	2,610	t
	Amount recycled	3,103	2,458	t
	Amount of landfill	8	89	t

Scope of Data Nikon Corporation facilities: Head Office, and Ohi, Yokohama, Sagami-hara, Kumagaya, Mito and Yokosuka Plants

Group manufacturing companies in Japan: Tochigi Nikon Corporation, Tochigi Nikon Precision Co., Ltd., Sendai Nikon Corporation, Miyagi Nikon Precision Co., Ltd., Kurobane Nikon Co., Ltd., Hikari Glass Co., Ltd., TNI Industry Co., Ltd.

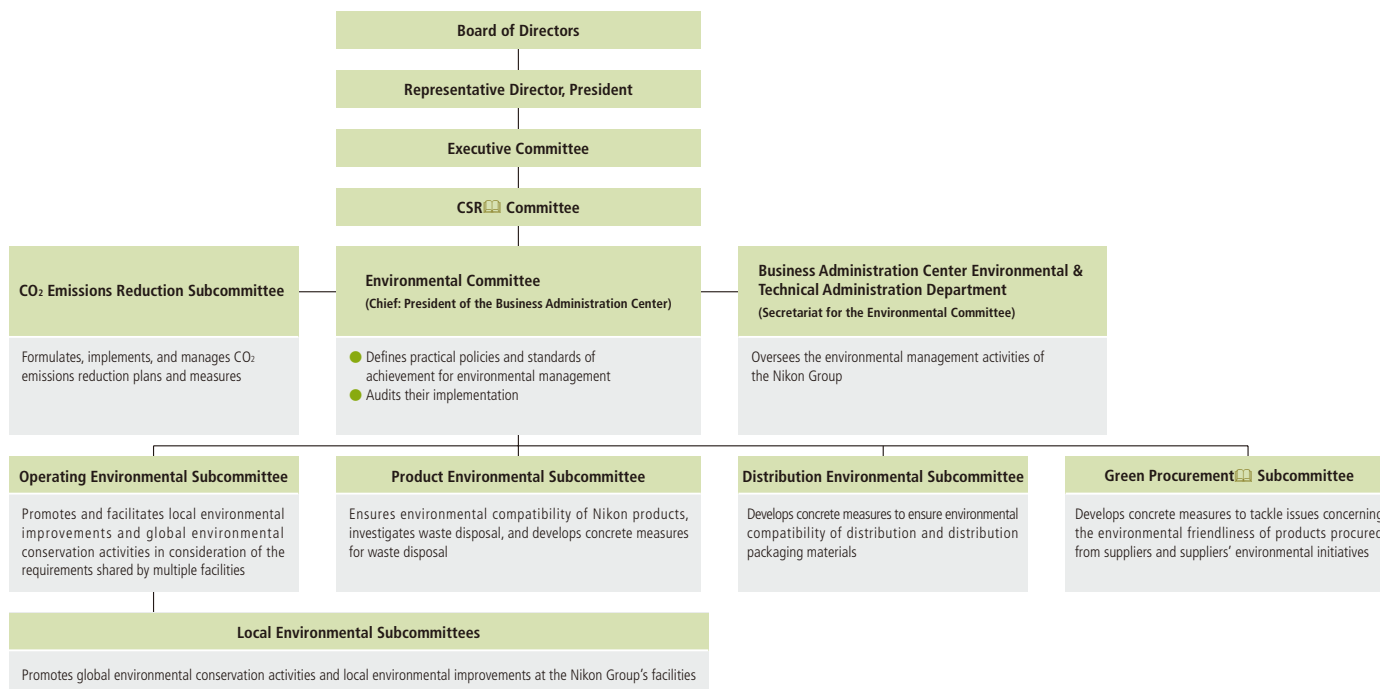
Environmental Management System

Environmental management organization

The Nikon Group established an environmental management organization based on the Nikon Basic Environmental Management Policy, and is

implementing a group-wide environmental management system under the leadership of the Environmental & Technical Administration Department. Through this organization, we constantly monitor the enactment and enforcement of the relevant regulations, treaties, and standards both within and outside Japan, as well as social needs that are taking shapes so that we can respond to them proactively.

Environmental Management Organization (as of April 1, 2012)



Utilization of ISO 14001[®] certification

The Nikon Group conducts environmental management activities based on ISO 14001. We are currently expanding the scope of certification of our globally integrated environmental management system in and outside Japan with the goal of boosting the efficiency of our business operations and spreading our Environmental Action Plan through the entire Group, which is our medium-term goal for environmental activities. In the year ended March 31, 2012, two Group companies in Japan were certified as a single site within Nikon Corporation facilities.

One non-manufacturing overseas Group company also obtained independent certification.

We are also promoting the introduction of the Nikon Simplified Environmental Management System (simplified EMS) to facilities in Japan and overseas which have low environmental impacts. The simplified EMS consists of the key elements from ISO 14001. During the year ended March 31, 2012, the simplified EMS was introduced at the facilities of two Group companies in Japan.

Acquisition of ISO 14001 Certification

	Scope of certification
Integrated certification	Nikon Corporation
	Sendai Nikon Corporation
	Miyagi Nikon Precision Co., Ltd.
	Tochigi Nikon Corporation Tochigi Nikon Precision Co., Ltd.
	Kurobane Nikon Co., Ltd.
	Hikari Glass Co., Ltd.
	Nikon Instech Co., Ltd.
	Nikon TEC Corporation
	TNI Industry Co., Ltd. Nagai Factory
	Nikon Vision Co., Ltd.
	Nikon Imaging (China) Co., Ltd.
	Nikon (Thailand) Co., Ltd.
	Hikari Glass (Changzhou) Optics Co., Ltd. Nanjing Nikon Jiangnan Optical Instrument Co., Ltd.
Independent certification	Nasu Nikon Co., Ltd.
	Aichi Nikon Co., Ltd.
	Nikon U.K. Ltd.

Performing internal audits

We conduct internal audits at least once a year to verify the compatibility of auditees' environmental management systems with ISO 14001, to see whether they are complying and adhering strictly to their environmental manuals, and to check how they have set and implemented their environmental targets and how they are performing. During the year ended March 31, 2012, one of the main points in the audits was whether specific statements had been included in the control ledger which would allow users to easily check the status of compliance[®] with environmental laws and regulations.

Environmental Education, Awareness Raising, and Internal Communication

The Nikon Group has been conducting a range of environmental education and awareness-raising activities for employees in order to raise the standard of the Group's environmental conservation activities.

Training of internal auditors

In order to maintain and improve environmental management systems, it is critical to maintain and improve the quality of internal audits. The Nikon Group therefore periodically provides employees with an internal auditor training course four times a year and an internal auditor skill-up training course four times a year. From the perspective of strengthening compliance, we also conduct effective periodic training sessions on relevant environment-related laws and regulations twice a year, as well as at the request of any of the local environmental subcommittees. At these training seminars, lectures are given by employees who are externally qualified as auditors. These lecturers provide support for the establishment of environmental management systems and give lectures, both inside and outside the Nikon Group.

General education

At Nikon Group companies in Japan, employees are provided with education matched to their positions, groups, facilities and departments, based on the educational training plan for the environmental management system.

For example, we provide introductory training and a basic workshop program for all new employees. These training sessions cover the latest information on the regulation of hazardous chemical substances, global warming, biodiversity[®], and other environmental issues considered to be important in recent years. We also teach new employees about the activities being undertaken at the Nikon Group to reduce the use of hazardous substances in our products and reduce CO₂ emissions at our facilities.

Meanwhile, in order to provide employees with essential information and increase their awareness of and interest in our environmental measures, we also hold seminars and lectures during "Environment Month" (June) and at other opportunities. For Environment Month in 2011, we held a seminar on the revised RoHS Directive[®], as well as a lecture on biodiversity presented by a visiting speaker.



Training seminar for new employees

Expansion and Promotion of Environmental Management

Environmental Commendation Program

In order to encourage employees to expand measures to protect the environment, the Nikon Group introduced the Nikon Environmental Commendation Program. This program commends and awards groups and individuals who have achieved outstanding results in their daily environmental activities. In the fiscal year ended March 31, 2012, three Outstanding Environmental Contribution Awards and five Environmental Contribution Awards were given.



Environmental Commendation ceremony

Efforts in Biodiversity Conservation

Corporate activities are closely linked to biodiversity. In procuring materials and being supplied with water and energy, companies receive the benefits of nature, but at the same time, they also have direct and indirect effects on nature, such as generating waste, emitting CO₂ and releasing chemical substances and wastewater.

Led by a working group consisting of members from the CSR section, Social Contribution section, Environmental section and

Procurement section, the Nikon Group has been exploring initiatives aimed at preserving biodiversity.

During the year ended March 31, 2012, we strengthened our monitoring of environmental data, and using the Corporate Ecosystem Services Review (ESR), we assessed which benefits or “ecosystem services” our corporate activities were relying on or affecting by way of our facilities and/or products. During the year ending March 31, 2013, based on the results of the ESR and of our own impact assessments, we will implement specific measures that reflect the true Nikon.

Environmental Accounting

The Nikon Group has adopted environmental accounting in accordance with the Ministry of the Environment’s “Environmental Accounting Guidelines (2005).” By implementing continuous environmental measures based on a long-term viewpoint, we hope to make those measures more effective, and through information disclosure, we hope to increase the transparency of our environmental conservation activities, thereby clarifying our position on the environment.

Scope of data: Nikon Corporation, Tochigi Nikon Corporation, Tochigi Nikon Precision Co., Ltd., Sendai Nikon Corporation, Miyagi Nikon Precision Co., Ltd., Kurobane Nikon Co., Ltd., Hikari Glass Co., Ltd., TNI Industry Co., Ltd. Nagai Factory, Nikon Business Service Co., Ltd., Nikon Vision Co., Ltd., Nikon-Trimble Co., Ltd., and Nikon Staff Service Corporation

Period: April 1, 2011 to March 31, 2012

- * Only costs that are clearly distinguishable as environmental costs are included.
- * Depreciation has not been factored into these accounts.
- * Where a facility has been utilized for several purposes and breakdown is considered complex, the entire cost has been included in the investment amount.
- * All costs have been rounded up or down to the nearest whole number, so it is possible that totals are not identical to the sum of the constituents as listed.

Cost of Environmental Protection

Unit: millions of yen

Category		Main activities	Investment	Expenses	Total
Business Area Cost	Pollution Prevention Cost	Prevention of air pollution, water pollution, noise pollution, etc.	133	850	983
	Global Environment Conservation Cost	Prevention of global warming, energy conservation, etc.	389	29	418
	Resource Circulation Cost	Disposal of waste, efficient use of resources, etc.	55	420	475
Upstream/downstream Cost		Administration of green procurement, recycling measures, etc.	—	38	38
Administration Cost		Administration of environmental management systems, greening activities, disclosure of environmental information, etc.	—	390	390
R&D Cost		Energy-saving design of products, compliance with REACH Regulations, research and development, etc.	15	216	231
Social Activity Cost		Social contribution activities, sponsorship activities, donations to environmental organizations, etc.	—	43	43
Environmental Remediation Cost		Costs for restoring soil, etc.	—	—	—
Other Costs		Other costs related to environmental conservation	—	—	—
Total			592	1,986	2,578

Economic benefits associated with environmental conservation activities

Unit: millions of yen

		Economic benefits	Costs
Revenue		Revenue from the sale of valuable resources	106
Expense Saving	Reduced energy costs due to energy savings		—
	Reduced expenses due to efficient utilization of resources		—
	Reduced expenses due to recycling of resources		—
Total			106

Environmental Action Plan

The Nikon Group evaluates its results against its annual Environmental Targets. Issues are then detected, and revisions are made to overcome those issues.

Results of the Nikon Environmental Action Plan for the year ended March 31, 2012

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

Theme		Targets	Results	Self evaluation	See page
Product-related activities	Energy conservation (prevention of global warming)	● 20% or more improvement in overall energy efficiency [□] of new products during use compared with existing products	Improved by 22.5% (simple average of new-release products)	○	P33
	Reduction in the use of hazardous chemical substances	(Hexavalent chromium, lead, cadmium, mercury, PBB, PBDE, PVC) ● Continue compliance [□] with RoHS Directive [□] and maintain and enhance the management system	Maintained 100% compliance for products subject to the RoHS Directive, and maintained and enhanced the management system	○	P33-35
	Control of chemical substances	● Determine policy for chemical management systems	Determined policy for management systems	○	P34
	Green procurement [□]	(Reduction in the use of hazardous chemical substances) ● Consumer products: Maintain and update green procurement ● Industrial products: Expand green procurement (Application of the Nikon Green Procurement Standards) ● Continue to apply and update the Nikon Green Procurement Standards ● Continue to examine and audit the environmental management systems	Consumer products: Maintained and updated green procurement Industrial products: Expanded green procurement Continued to apply and update the Nikon Green Procurement Standards Continued to examine and audit the environmental management systems	○	P58-60
	Distribution	(Reduction in CO ₂ emissions from physical distribution) ● 850-ton reduction of CO ₂ from implementing measures	99-ton reduction of CO ₂ from implementing measures	△	P37
Activities at facilities	Reduction in GHG [□] emissions (CO ₂ emissions from energy use)	● Total CO ₂ emissions from Nikon Corporation and Group manufacturing companies in Japan: 126 thousand tons or less ● CO ₂ emissions per unit of real output from two Group manufacturing companies in Asia: Reduce by 20% (compared with the year ended March 31, 2006) (total CO ₂ emissions: 88 thousand tons)	Total CO ₂ emissions: 116 thousand tons Reduced CO ₂ emissions per unit of real output by 20% (compared with the year ended March 31, 2006) Total CO ₂ emissions: 66 thousand tons ^{*3}	○	P38-40
	Waste reduction	(Waste reduction) ● Waste from Nikon Corporation and Group manufacturing companies in Japan: Maintain levels from the year ended March 31, 2011 (3,944 tons or less) (Zero emissions [□]) ● Achieve level 4 zero emissions at Hikari Glass Co., Ltd. and NTC ^{*1} ● Start building a system at NNJC ^{*2} and other Group companies	Maintained levels from the year ended March 31, 2011 Achieved level 4 zero emissions at Hikari Glass Co., Ltd. and NTC ^{*3} Started building systems at NNJC, Hikari Glass (Changzhou) Optics Co., Ltd.	○	P41-43
Others	Environmental Management System (EMS)	● Prepare for introduction at overseas non-manufacturing facilities	Started preparations for introduction at overseas non-manufacturing facilities (Nikon Simplified Environmental Management System)	○	P30
	Biodiversity [□] conservation	● Assess the level of environmental impact of business activities, enhance current actions, and begin new initiatives	Assessed the level of environmental impact of business activities Selected measures and themes to be tackled Strengthened monitoring of environmental data	○	P31
	Life Cycle Assessment (LCA) [□]	● Perform LCAs on a trial basis	Performed LCAs on a trial basis for representative products	○	P33

*1. NTC: Nikon (Thailand) Co., Ltd.

*2. NNJC: Nanjing Nikon Jiangnan Optical Instrument Co., Ltd.

*3. For NTC, only data for the Apr-Sep period is recorded because the factory stopped operating due to floods.

Targets of the Nikon Environmental Action Plan for the year ending March 31, 2013

Theme		Targets
Product-related activities	Energy conservation (prevention of global warming)	● Improve overall energy efficiency Improve overall energy efficiency of new representative products released during the year ending March 31, 2013
	Reduction in the use of hazardous chemical substances	● Maintain 100% compliance for products subject to the RoHS Directive
	Green procurement	Refer to Promotion of CSR [□] Activities in the Supply Chain [□] (see pp. 58-60).
	Distribution	● Reduction in CO ₂ emissions from physical distribution Improve loading efficiency and promote modal shifts
Activities at facilities	Reduction in GHG emissions (CO ₂ emissions from energy use)	● Total CO ₂ emissions from Nikon Corporation and Group manufacturing companies in Japan: 136 thousand tons or less ^{*1} ● CO ₂ emissions per unit of real output from two Group manufacturing companies in Asia: Reduce by 25% (compared with the year ended March 31, 2006) (total CO ₂ emissions: 32 thousand tons) ^{*2}
	Waste reduction	● Waste from Nikon Corporation and Group manufacturing companies in Japan: Maintain levels from the year ended March 31, 2011 (4,867 tons or less) ^{*3} ● Zero emissions: Maintain level 1 for facilities that have achieved level 1 Hikari Glass (Changzhou) Optics Co., Ltd. and NNJC: Build a level 4 system
Others	Environmental Management System (EMS)	(Integrated ISO 14001 [□] certification) ● Prepare for introduction at Nikon Metrology NV
	Biodiversity conservation	● Plan and implement specific measures and themes, and collect data on the environmental burdens of business activities ● Continue performing LCAs on a trial basis

*1. Revisions were made to each type of CO₂ emissions factor. Electricity: weighted average of the actual emissions factors between the year ended March 31, 2006 and the year ended March 31, 2008 (fixed for all periods) City gas (unit heating value): value specific to gas company Other fuels: value contained in the Manual for Calculating and Reporting Greenhouse Gas Emissions applied when calculating baseline emissions

*2. NTC not included in targets due to effects of flood.

*3. Broaden scope of data from year ending March 31, 2013.

Expansion and Promotion of Environmental Management

Product-related Activities

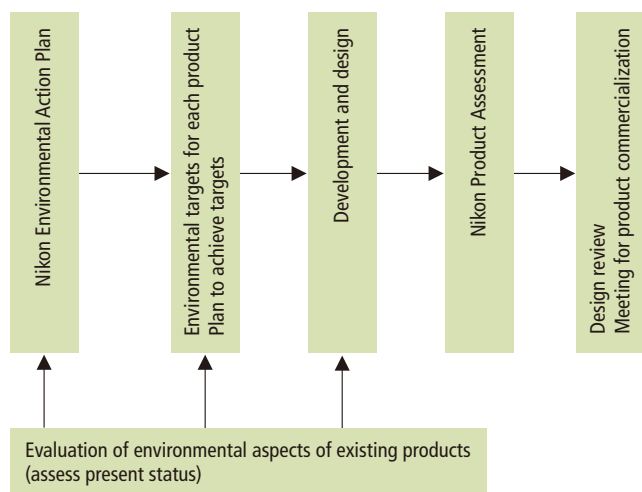
In order to minimize the environmental impact throughout a product's life cycle and to promote legal compliance[□], we introduced Nikon Product Assessment to the development and design stages of products. We are also making efforts to recycle waste products and packaging materials and to reduce our environmental impact during physical distribution.

Eco-friendly Product Development

Environmentally friendly product development system

The Nikon Group has continued to operate the system outlined in the figure below, producing a steady stream of even more advanced eco-friendly products.

Management system for the development of eco-friendly products



Nikon Product Assessment

In a bid to stay ahead of environmental regulations and deteriorating global environmental problems, in 1995, Nikon Corporation developed and established the Nikon Product Assessment, taking the properties of Nikon products into full account.

Since then, we have continued to run the assessment during the development and design stages of all product categories of the Nikon Group, while constantly revising and tightening the assessment items and standards.

We have already assessed over 1,000 products and units, and with an aim of improving our products, we have pushed for less wasteful use of resources and substantial reductions in the use of hazardous substances. We have also continued efforts to improve energy efficiency[□]. In comparison to our existing products, we made an average 22.5% improvement for our new products in the year ended March 31, 2012.

Furthermore, by utilizing life cycle assessment (LCA)[□] techniques to promote quantitative environmental impact assessments for our representative products, Nikon Corporation has conducted activities that effectively reduce our environmental impact.

Features and outline of the Nikon Product Assessment

Features

- Mandates product assessment in the development stage
- Requires continuous improvement in assessment scores from one model to the next
- Supports designers by offering relevant documentation and references

Outline

- Continues to reduce product mass and volume and the number of parts used in a product
- Improves energy efficiency
- Pursues longer product life and simpler repair procedures
- Raises consumer awareness (for the reduction and appropriate management of waste consumables)
- Simplifies recycling procedures
- Discontinues or reduces the use of hazardous substances
- Uses Eco-glass[□] in the optical systems (see p. 33)
- Uses lead-free solder on electronic circuit boards (see p. 34)
- Adopts hexavalent chromium-free surface treatment technologies (see p.34)
- Ensures compliance with environmental regulations
- Makes overall assessments

Reducing Hazardous Substances in Products

In order to reduce the use of hazardous substances in all Nikon products, the Nikon Group has extensively promoted the development and use of lead- and arsenic-free Eco-glass as well as the use of lead-free soldering technologies and hexavalent chromium-free technologies in surface treatment. We completed preparations to comply with the European RoHS Directive[□] in March 2006, and since then we have proceeded to build and strengthen the management system. Up until the year ended March 31, 2012, we have maintained 100% compliance. We also make use of chemical analysis techniques in our quality assurance departments to prevent the contamination of heavy metals and other hazardous substances.

Development of lead- and arsenic-free Eco-glass

In the 1990s, in the recognition that the lead and arsenic used in most optical glass at the time were the most significant product-related environmental aspects, the Nikon Group developed Eco-glass, a type of optical glass that contains no lead and arsenic. Since then, we have endeavored to use only Eco-glass in optical products. Barring some products with unique specifications, we have achieved nearly 100% usage of Eco-glass. In the year ended March 31, 2012, Eco-glass usage rates in new designs were 100% for consumer products and 99.9% for industrial products.

Full-scale adoption of lead-free solder

The Nikon Group has established a lead-free soldering system under the leadership of the electric technology department of Nikon Corporation and Sendai Nikon Corporation, and in collaboration with the product development and manufacturing departments, other Group companies and our business partners. We use lead-free tin-silver-copper solders, which represent the standard solder type used in the industry.

The properties of the materials used in lead-free soldering, such as the narrow range of allowable temperatures, mean that manual soldering requires a high degree of skills. For this reason, the Nikon Group added a course on lead-free soldering to our in-house training and technical certification system. We have already trained numerous instructors and certified technicians through this course.

By implementing measures such as these, we have striven to increase the use of lead-free solder. In the year ended March 31, 2012, we again maintained 100% use of lead-free circuit boards in all our new consumer products, including the digital SLR D800. In principle, we have also eliminated lead from all new circuit boards used in industrial products (such as steppers and scanners, microscopes and surveying instruments).

The photographs below introduce two of the many new circuit boards released during the year ended March 31, 2012.



Control board for fieldscopes featuring Nikon's vibration reduction (VR) system



Control board for the latest model ArF immersion scanners

Use of hexavalent chromium-free technology in surface treatment

Nikon Corporation's surface treatment department reviewed its technologies and processes for chromate treatment and chrome plating, and discontinued the use of highly hazardous hexavalent chromium at the end of 2004. By applying these innovative results and accumulated

expertise to all Nikon product categories, we have established hexavalent chromium-free technologies in surface treatment.

The Nikon Group has established a strict technical standard to discontinue use of heavy metals (hexavalent chromium, lead, cadmium, and mercury) in all surface treatment processes including coating, plating and chemical conversion. To ensure that this technical standard is practiced rigorously in all product categories, in cooperation with widespread business partners contracted to conduct surface treatment processes, we take all possible steps, including individual technical assistance, strict on-site audits and checks based on chemical analysis of actual items.

Chemical analysis techniques used by the quality assurance departments

The Nikon Group is in the process of discontinuing the use of hexavalent chromium, lead, cadmium, mercury, PBB, PBDE, PVC, and other hazardous chemical substances in all of its products. Nikon products are made from an astonishingly large number of materials and components and pass through the hands of numerous business partners before reaching completion. To completely eliminate the use of hazardous chemical substances in Nikon products, in addition to establishing a green procurement[□] system (see pp. 58 - 60), it is essential that we inspect various materials using chemical analysis. We have therefore introduced chemical analysis technologies to our quality assurance departments and other departments involved in the process of producing Nikon products. We also educate many of our engineers on analysis technologies and the related know-how to prevent hazardous chemical substances from making their way into Nikon products.

Response to regulations on hazardous chemical substance (REACH Regulation[□])

Based on the Strategic Approach to International Chemicals Management (SAICM)[□], which was adopted in 2006, today, many new laws and regulations on the registration and control of chemical substances are being established around the world. One of these is the European system for the registration and control of chemical substances, REACH Regulation.

Under REACH Regulation, depending on the content of substances of very high concern (SVHCs) in a product, manufacturers are required to provide information to downstream users and consumers, and/or are required to notify authorities. The Nikon Group will meet these obligations effectively by utilizing IT to survey the use of SVHCs throughout the supply chain[□] and to manage that content information. In addition, we will actively limit the use of SVHCs in our products and promote the switch to parts that do not contain SVHCs.

Web Nikon's declaration on compliance[□] with REACH Regulation
http://www.nikon.com/about/csr/pdf/Nikon_REACH.pdf

Expansion and Promotion of Environmental Management

Eco-friendliness of key products

The Nikon Group aims to constantly improve the environmental performance of its products by means of its original system for managing environmentally friendly product designs. Following are some examples of the eco-friendliness of products that we announced or released during the year ended March 31, 2012.

Precision Equipment Company

ArF Immersion Scanner NSR-S621D (released January 2012)

By employing our tried-and-trusted Streamalign Platform and making further improvements to the existing NSR-S620D model, the NSR-S621D has achieved even greater accuracy and productivity. The NSR-S621D provides the optimal and efficient solution to customers' production lines.

Energy efficiency [□]	Reduced consumption of electricity per wafer
Lead-free solder	Complete use of lead-free solder on new circuit boards
Elimination of hexavalent chromium	Discontinued use of hexavalent chromium in the surface treatment process
Eco-glass [□] usage	Complete use of Eco-glass for optical systems
Ozone layer protection	Use of new HFC refrigerant in temperature control and air conditioners which does not contribute to ozone depletion.



Imaging Company

1 NIKKOR VR 10-30mm f/3.5-5.6 (released December 2011)

This is a 3x standard zoom lens for the Nikon 1 camera system. It employs a lens-shift vibration reduction (VR) mechanism, which can also be used when shooting video, and is capable of capturing a range of scenes with superb depiction, including everyday snapshots, landscapes and portraits. Being a compact lens with a retractable lens mechanism, it is easy to carry around.

Energy efficiency	18% improvement compared to the AF-S DX VR Zoom-Nikkor 55-200mm f/4-5.6G IF-ED
Lead-free solder	Lead-free solder used on all electronic circuit boards
Reduction of hazardous substances	Standards of the European RoHS Directive [□] achieved
Eco-glass usage	100%



COOLPIX S6300 (released February 2012)

This is one of the most compact digital cameras in its class despite the built-in 10x optical zoom NIKKOR lens. Offering an effective pixel count of 16.0 megapixels, and equipped with a lens-shift vibration reduction (VR) mechanism, the S6300 is a high-definition model offering such functions as special effects, filter effects, 3D photography and full-HD movie video recording.

Energy efficiency	Besides improvement in performance, 10% grows in energy efficiency, compared to the COOLPIX S6100
Lead-free solder	Lead-free solder used on all electronic circuit boards
Reduction of hazardous substances	Standards of the European RoHS Directive achieved
Eco-glass usage	100%



Instruments Company

Biological microscopes: ECLIPSE E200 LED illumination model (released December 2011)

We released a LED illumination model as an addition to the existing halogen illumination model in the ECLIPSE E200 series. The new high-intensity LED illumination we developed boasts exceptional energy-saving and long-life properties, and significantly reduces the need for frequent lamp replacement. It is a top performing model with full specifications that can be used for various purposes, from practical training to clinical examinations and research.

Reduced electricity consumption	LED illumination reduces electricity consumption by 92.7% compared to the existing model
Longer life	Approximately 60,000 hours using a high luminescent white LED illuminator (Eco-illumination)
Lead-free solder	Lead-free solder used on all electronic circuit boards
Reduction of hazardous substances	Significant reduction in hexavalent chromium in surface treatment; discontinued use of PBB and PBDE



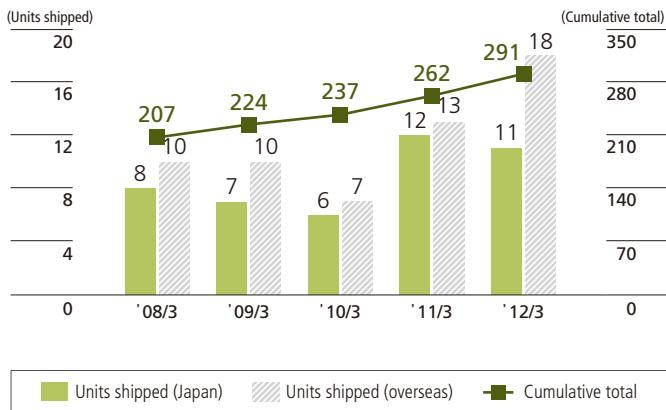
Reuse and recycling of used products

Supplying products the world over, Nikon is working tirelessly to reduce the total environmental impact of its products and services by reusing and recycling used products.

Sales of refurbished steppers and scanners

In the year ended March 31, 2001, the Nikon Group launched a commercial service for collecting used Nikon steppers and scanners from customers, reconditioning them, replacing parts, reconfiguring them, and installing them for new customers in Japan and overseas. This exemplifies Nikon's practice of reusing its own products. As of the year ended March 31, 2012, Nikon had shipped a cumulative total of 291 refurbished steppers and scanners.

Volume of refurbished steppers and scanners



Battery recycling

In Japan, Nikon Corporation has been cooperating with JBRC and a number of other companies to collect end-of-life secondary batteries, including those used for Nikon digital cameras, from users for recycling.

Recycling of used Nikon products

Under WEEE Directive, European countries have been developing national laws in relation to the collection and recycling of used electronic products. In response to these laws, we have been working to fulfill our responsibility for the collection and recycling of Nikon digital cameras and other products. Since 2005, the Nikon Group, led by a group company in the Netherlands, has been preparing nation-specific measures to meet its collection and recycling obligations for digital cameras and other Nikon products. We have established a collection and recycling system in more than 25 countries, registering with local collection organizations.

The Nikon Group will continue taking appropriate measures in the future for the collection and recycling of used products.



WEEE symbol

Recycling of packaging materials

The Nikon Group promotes the recycling of packaging materials for Nikon products in Japan by outsourcing the task to the Japan Containers and Packaging Recycling Association.

In Europe, under EU Directive on packaging and packaging waste, each country has developed packaging waste collection and recycling system in accordance with its national law. Many of those systems adopt the Green Dot system. The Nikon Group cooperates in the collection and recycling of packaging materials in those countries that are members of this program by paying a collection and recycling fee to recycling organization in each country and by displaying the Green Dot mark on its product packaging.



The Green Dot mark

Packaging Measures

Nikon Corporation formulated its Environmental Policy Regarding Packaging Materials in May 1998 and revised it in June 2000 to reduce the use of packaging materials for its products.

Based on this policy, we have been engaging in various efforts to boost the loading efficiency of physical distribution. Packaging can be continuously improved by reviewing the size of product boxes so that they can be efficiently loaded onto trucks, making user manuals less bulky, and switching from conventional containers to pallets to eliminate the need for outer packaging.

In addition, we are making efficient use of recycled resources. For example, we employ a type of insertion packaging that enables the cushioning material and cardboard box to be easily separated, and use molded pulp as cushioning materials for some products.



Product boxes for compact digital cameras

Expansion and Promotion of Environmental Management

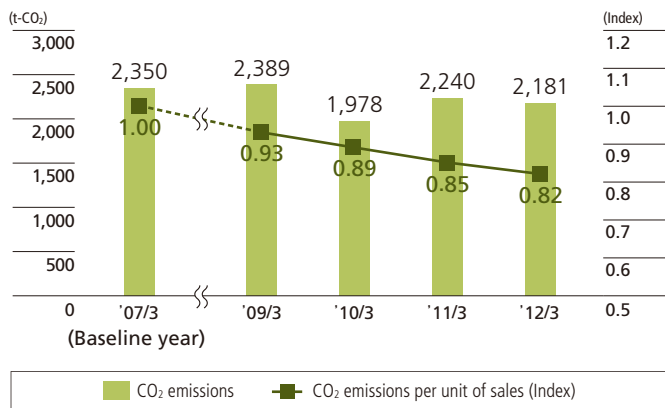
Distribution-related Activities

The Nikon Group is engaged in a number of initiatives to reduce CO₂ emissions in distribution based on the understanding that such efforts are urgently needed to mitigate global warming.

Reducing carbon emissions in distribution

Nikon Corporation is striving to reduce CO₂ emissions in transportation by identifying its distribution routes including those of Group manufacturing companies in Japan, and obtaining numerical data on transportation volumes and CO₂ emissions. In Japan, 2,181 tons of CO₂ were emitted through distribution in the year ended March 31, 2012. Although our measures for the reduction of CO₂ emissions had been expected to realize a reduction of 850 tons of CO₂, a reduction of only 99 tons was achieved. The main reason for this was the planned modal shift from air transport to sea transport did not match the various business conditions, and so was implemented significantly less than expected.

CO₂ emissions from physical distribution in Japan



Promoting eco-driving

Nikon Business Service Co., Ltd., which oversees transportation of goods for the Nikon Group, has installed digital tachographs and drive recorders on all of its large goods vehicles. These devices record varied information such as driving routes, departure and arrival times, maximum speeds on local roads and expressways, frequency of sudden starts, sudden acceleration and sudden braking, and rest times. By managing and evaluating this recorded information, we aim to further improve fuel efficiency and raise awareness of safety among our drivers. In addition, all of our drivers periodically attend eco-driving workshops.

Nikon Instech Co., Ltd. is promoting safe and eco-friendly driving by using telematics[□] to manage operation of its company vehicles, a move that is also helping its drivers to become more aware of the environment.

“Stop Idling” Promotion

When transporting IC steppers and scanners and other devices by vehicle, it is necessary to strictly control the cargo room temperature by the use of in-vehicle heating, ventilating, and airconditioning (HVAC) equipment, for which engines used to be kept running even while the vehicle was parked. Now, however, there is no need for idling within the premises of our factories, where it has been made possible to power the equipment by the use of external sources. Nikon Business Service has equipped all of its vehicles for use with external power sources.



Externally powered vehicle

Introduction of eco-friendly vehicles and shortening of transport distances

The Nikon Group is gradually replacing its company vehicles and freight trucks with fuel-efficient models, and is promoting the introduction of eco-friendly vehicles. The Group will consider introducing freight trucks powered by natural gas.

From the perspective of transport efficiency, we will also proceed to shorten transport distances by reviewing the transport routes used in international distribution and to practice bulk transport[□].

Modal shifts

The Instruments Company is shifting from truck deliveries to railway transport, which causes lower environmental impact. The company is now gradually increasing the use of railways that can be easily implemented and then will promote further the modal shift transportation.

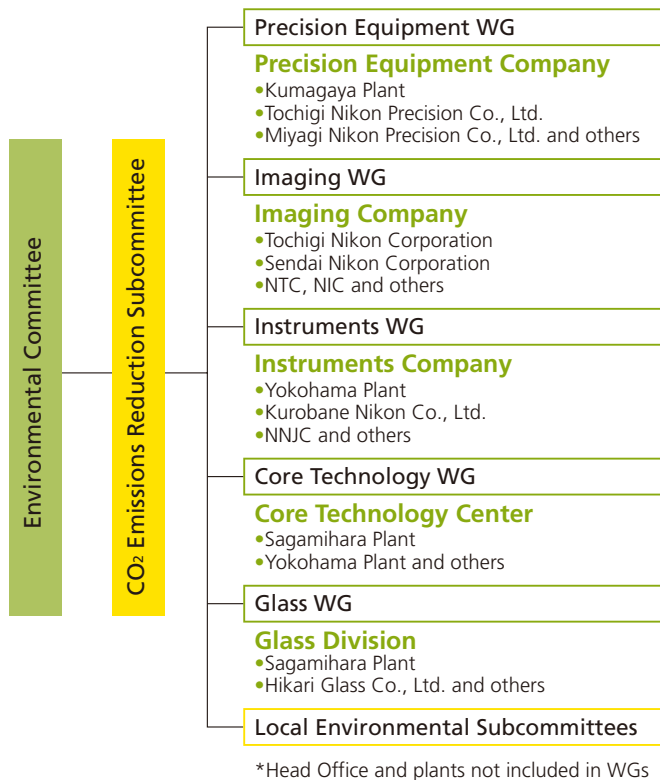
Activities at facilities

To prevent global warming and move toward a resource-recycling society, the Nikon Group is striving to ensure that all of its facilities save energy, recycle waste, and protect the local environment.

Reducing CO₂ emissions

The Nikon Group implements various measures to reduce CO₂ emissions based on the mindset of continuously growing our business while protecting the environment. We will continue to include CO₂ emissions reduction as one of our management priorities as we work to help create a low-carbon society through measures including thorough energy conservation, making use of natural energy, and offering products with high energy efficiency[□] throughout their lifecycles.

The CO₂ Emissions Reduction Subcommittee



*WG: Working Group

*NTC: Nikon (Thailand) Co., Ltd.

*NIC: Nikon Imaging (China) Co., Ltd.

*NNJC: Nanjing Nikon Jiangnan Optical Instrument Co., Ltd.

Promoting the reduction of CO₂ emissions

The Nikon Group is making efforts to reduce CO₂ emissions, centered on the CO₂ Emissions Reduction Subcommittee comprised of working groups from in-house companies and business segments that emit large amounts of CO₂.

In addition to activities carried out independently by facilities, the Nikon Group has created systems for independent activities on the part of its in-house companies and business segments. These systems involve considering, drafting, and implementing effective measures to reduce CO₂ emissions that are in line with each business form.

The Nikon Group is working to reduce CO₂ emissions, keeping an eye on the evolvement of the Japanese government's energy policy and power companies' reactions after the Great East Japan Earthquake, and bearing in mind how international frameworks are forming.

Under the management of the CO₂ Emissions Reduction Subcommittee, each unit and facility have established their own reduction targets and are implementing various measures to reduce CO₂ emissions. In addition to each department promoting their own autonomous activities, such as visualization of energy usage, extending this to management by objectives and awareness-raising activities for employees, we are carrying out initiatives throughout entire product life cycles.

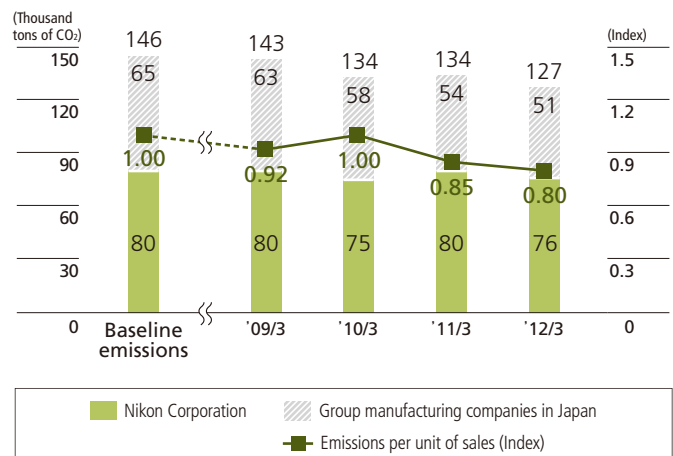
Especially in Japan, considering how tight the current power supply situation is, the Nikon Group is inspecting its ordinary energy usage once again and working toward even more thorough energy conservation, including electricity savings.

CO₂ emissions from Nikon Group companies in Japan

The Nikon Group is working continuously to reduce its CO₂ emissions by implementing measures that include increasing the efficiency of HVAC and lighting equipment, improving production activities, managing the use of lighting and OA devices, and making more use of renewable energy.

In the year ended March 31, 2012, the total CO₂ emissions of Nikon Group companies in Japan were 116 thousand tons, meaning we achieved our target of 126 thousand tons. (After the method for calculating emissions was changed, total emissions was 127 thousand tons compared to our target of 138 thousand tons.)

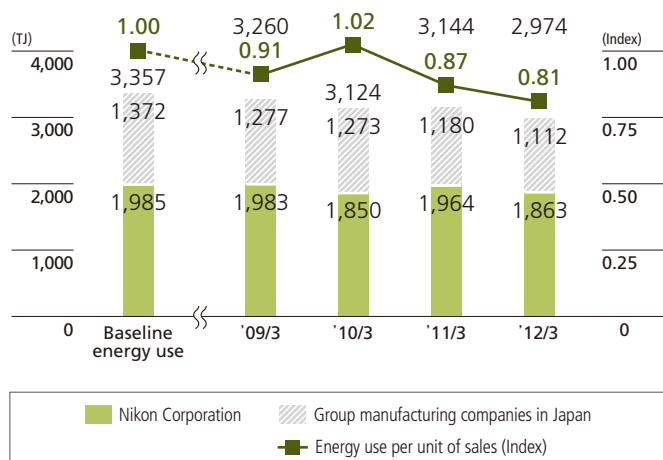
CO₂ Emissions from Nikon Group Companies in Japan
(Calculated by fixing the CO₂ emission factors for use in the Action Plan)



* In addition to recalculating emissions using the following emissions factors, baseline emissions have been changed to the average value between the year ended March 31, 2006 and the year ended March 31, 2008.
Electricity: weighted average of the actual emissions factors between the year ended March 31, 2006 and the year ended March 31, 2008 (fixed for all periods)
City gas (unit heating value): value specific to each gas company
Other fuels: values contained in the *Manual for Calculating and Reporting Greenhouse Gas* [□] Emissions applied when calculating baseline emissions

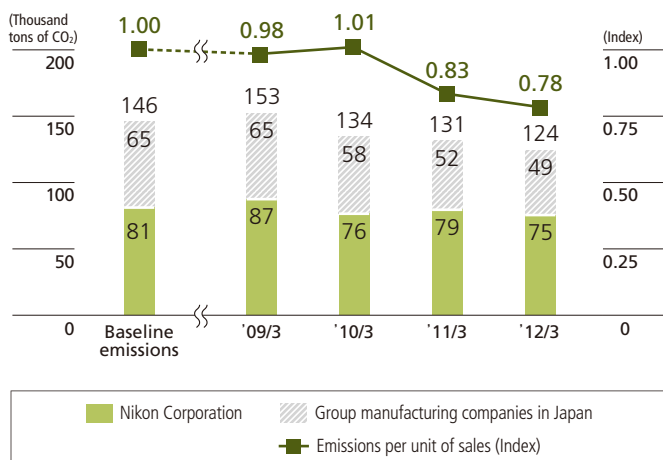
Expansion and Promotion of Environmental Management

Energy Use (Nikon Group companies in Japan)



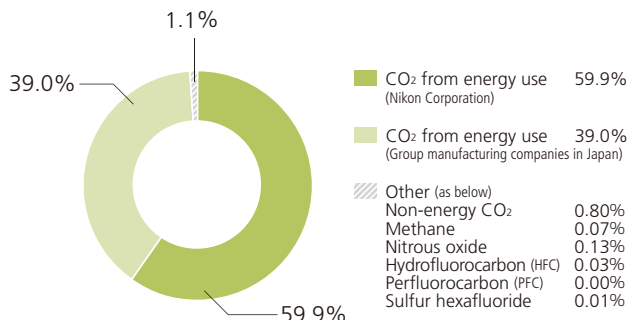
* In addition to recalculating energy use using the following coefficients, baseline use has been changed to the average value between the year ended March 31, 2006 and the year ended March 31, 2008.
 Electricity: 0.00976GJ/kWh (fixed for all periods)
 City gas: value specific to each gas company
 Other fuels: values contained in the *Manual for Calculating and Reporting Greenhouse Gas Emissions* applied when calculating energy use for each fiscal year

CO₂ Emissions (Nikon Group companies in Japan)



* In addition to recalculating emissions using the following emissions factors, baseline emissions have been changed to the average value between the year ended March 31, 2006 and the year ended March 31, 2008.
 Electricity: actual emissions factor for each fiscal year (the actual emissions factor for fiscal year 2010 is used for the year ended March 31, 2012)
 City gas (unit heating value): value specific to each gas company
 Other fuels: values contained in the *Manual for Calculating and Reporting Greenhouse Gas Emissions* applied when calculating emissions for each fiscal year

Breakdown of Greenhouse Gas Emissions by Nikon Group Companies in Japan



Examples of CO₂ emissions-reduction measures by Nikon Group companies in Japan

Introduction of a seamless HVAC system

Tochigi Nikon Precision Co., Ltd. introduced a seamless HVAC system in its clean room to efficiently generate heat. As a result of installing this system, the company has reduced its CO₂ emissions by 2,265 tons on an annual basis.

Utilizing renewable energy

The Kumagaya Plant has been operating a solar power generation system at full capacity since January 2010. The system is part of a joint research project with the New Energy and Industrial Technology Development Organization (NEDO). The system generates at least 100,000 kWh of power per year, which results in a reduction of CO₂ emissions by about 50 tons. Additionally, the Yokohama Plant also cosponsors Yokohama City's project for wind power generation as a Y(Yokohama) Green Partner Company.



Yokohama Plant's certificate for green power

Initiatives at other facilities

When it is time to replace equipment that has reached the end of its useful life, we actively encourage facilities in the Nikon Group to introduce high-efficiency equipment (LED lighting, air-conditioning, compressors, transformers, etc.) and to switch fuels for boilers. For example, the Sagami-hara Plant and its Shonan Branch replaced some of the mercury and fluorescent lights in their offices and processing rooms with LED lighting. In addition, the Kumagaya Plant has introduced three commuter buses powered by natural gas with the aim of reducing CO₂ emissions.

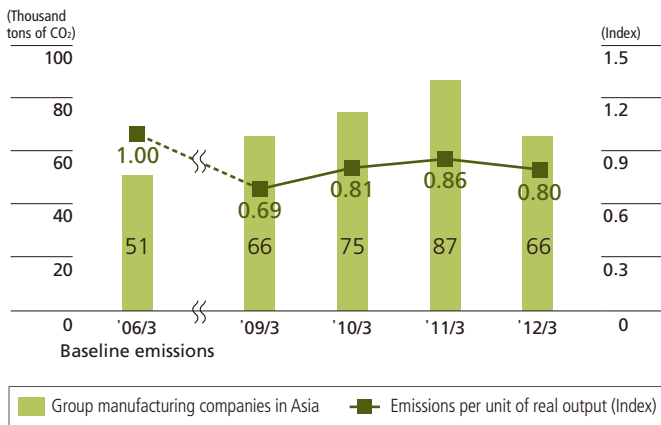


LED lighting at the Shonan Branch, Sagami-hara Plant

CO₂ emissions from Group manufacturing companies in Asia

In the year ended March 31, 2012, the CO₂ emissions per unit of real output from Group manufacturing companies in Asia were reduced by 20%, clearing the target of a 20% reduction. The absolute emissions were 66 thousand tons compared to the target of 88 thousand tons.

CO₂ Emissions from Group Manufacturing Companies in Asia



* Scope of data: Nikon Imaging (China) Co., Ltd. (NIC) and Nikon (Thailand) Co., Ltd. (NTC). However, for the CO₂ emissions of NTC, only data for the period Apr-Sep is recorded because the factory stopped operating due to floods.
 * Emissions except CO₂ from electricity use are calculated using emissions factors contained in the *Manual for Calculating and Reporting Greenhouse Gas Emissions*. Electricity: values for fiscal year 2003 in the *Report on the Estimates of CO₂ Emissions Intensity in the Power Sectors of Different Countries* (fixed for all periods)
 * The baseline year for the index of emissions per unit of real output is set at the year ended March 31, 2006 (year ended March 31, 2006 = 1).

Examples of CO₂ emissions-reduction measures by Group manufacturing companies in Asia

Introduction of solar powered LED lighting

Nikon (Thailand) Co., Ltd. (NTC) has installed LED outdoor lights that utilize solar power generation at 42 locations around its factory grounds. In this way they have reduced their annual CO₂ emissions by around 27 tons. During the year ended March 31, 2012, although affected by the floods, NTC resumed using them from November 2011.



Solar-powered outdoor lights at NTC

Voluntary Efforts by Overseas Non-manufacturing Facilities

Conserving energy at offices

Various voluntary efforts are being undertaken at the Nikon Group's non-manufacturing facilities overseas. Nikon GmbH (Germany) has elected to use superior thermal insulation in the walls of its office buildings, and has introduced cogeneration systems to power the

heating and cooling in its offices. Nikon U.K. Ltd. (United Kingdom) has introduced motion sensor lighting in its offices as a way of reducing power consumption. And Nikon Research Corporation of America (United States) has achieved an energy saving and a reduction in CO₂ emissions by replacing its indoor and outdoor incandescent light bulbs with more efficient lighting.

Using renewable energy

Starting in January 2010, all energy used by Nikon Europe B.V. (the Netherlands), a total of approximately 700,000 kWh per year, has been obtained from green energy sources. Furthermore, Nikon AG (Switzerland) introduced a heat pump system using geothermal heat for heating and cooling its office when it moved locations in 2003.



Heat pump system at Nikon AG



Certificate for green electricity at Nikon Europe B.V.

Employee attitude

At Nikon Imaging Korea Co., Ltd. (NIKC, Korea), under a slogan of "saving even just one cup per day can change NIKC," an ongoing campaign has been run since March 2011 to reduce the number of paper cups being used. Now, almost all employees use reusable cups. The company has also taken an active approach toward controlling indoor temperatures and restricting the use of elevators.

The Nikon Group commends the energy-saving actions of employees. Many other facilities also engage in positive action, such as diligently turning lights off and turning air-conditioning off outside of working hours.

Efforts for commuting and commercial vehicles

At Nikon GmbH (Germany), Nikon France S.A.S. (France), Nikon s.r.o. (Czech) and other companies, employees are encouraged to actively use public transportation or commute in other ways that have little environmental impact. Nikon GmbH has also replaced its company vehicles with more eco-friendly, fuel-efficient vehicles. Nikon France S.A.S. is also working to introduce hybrid cars.

Expansion and Promotion of Environmental Management

Preventing Air/ Water Pollution and Protecting Water Resources

Preventing pollution of the air and water

In order to help preserve air and water quality, the Nikon Group not only abides by applicable laws and regulations, but also established its own voluntary standards for controlling pollutants.

Specifically, we regularly measure pollutants released into the air and water and inspect equipment such as boilers and wastewater processing systems periodically to ensure safety at each of our facilities.

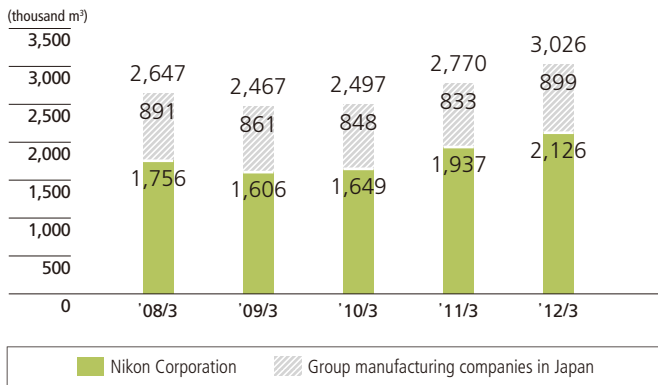
The Mito Plant and others switched the fuel used in its existing boilers from heavy oil to liquefied petroleum gas (LPG) in order to reduce CO₂ emissions, resulting in elimination of the release of SO_x as well as reduction of dust and NO_x emissions.

Protecting water resources

In addition to promoting the reuse of wastewater from production processes, the Nikon Group's manufacturing facilities also strictly control their water usage through water conservation activities.

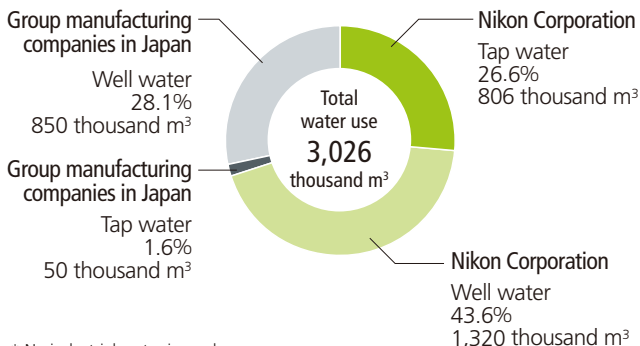
Furthermore, in order to promote greater use of circulated water, efforts are being made to strengthen monitoring of its usage and to visualize this data.

Water Use by Nikon Group Companies in Japan



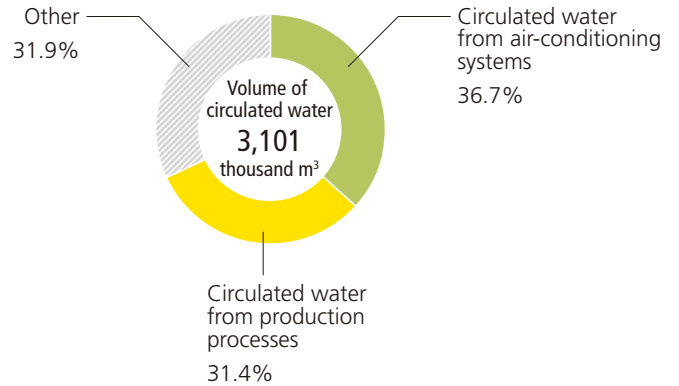
* Data on input amounts relating to the year ended March 31, 2011 and earlier were missing for some facilities. These have been recounted.

Breakdown of Water Use by Nikon Group Companies in Japan (year ended March 31, 2012)



* No industrial water is used.

Breakdown of Circulated Water at Nikon Group Companies in Japan (year ended March 31, 2012)



* The volume of circulated water only includes that water which can be measured by using flowmeters or other means.

Efforts for Waste Reduction

Waste Reduction

The amount of waste disposal during the year ended March 31, 2012 by Nikon Corporation was 2,675 tons, while that by Group manufacturing companies in Japan was 813 tons. Together, Nikon Corporation and the Group manufacturing companies in Japan achieved their target of maintaining the same level of waste disposal as the year ended March 31, 2011.

Toward Zero Emissions

In the year ended March 31, 2009, the Nikon Group defined 4 levels of zero emissions according to the rate of final landfill disposal.

So far, a total of 13 facilities belonging to Nikon Corporation and Group manufacturing companies in Japan have achieved level 1 zero emissions.

Four levels of zero emissions

- Level 1: Final landfill disposal rate: less than 1%
- Level 2: Final landfill disposal rate: less than 5%
- Level 3: Final landfill disposal rate: less than 10%
- Level 4: Final landfill disposal rate: less than 20%

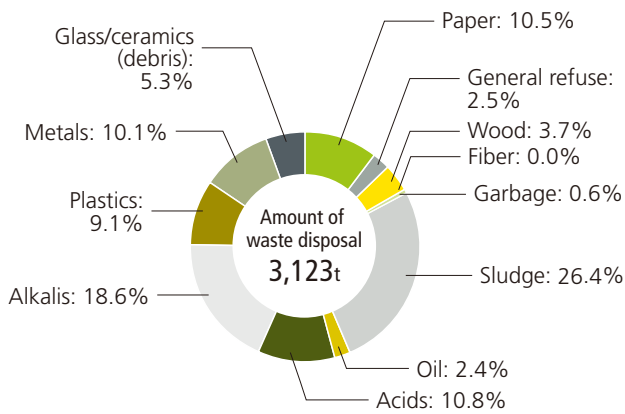
Achievement of Level 1 Zero Emissions[□] in the Nikon Group

Company		System complete (year-end)
Nikon Corporation	All plants	March 31, 2003
Group manufacturing companies in Japan	Sendai Nikon Corporation	March 31, 2002
	Tochigi Nikon Corporation / Tochigi Nikon Precision Co., Ltd.	March 31, 2004
	Kurobane Nikon Co., Ltd.	March 31, 2004
	Miyagi Nikon Precision Co., Ltd.	March 31, 2005
	TNI Industry Co., Ltd. Nagai Factory	March 31, 2010
Affiliated manufacturing companies in Japan	Nasu Nikon Co., Ltd.	March 31, 2006
	Aichi Nikon Co., Ltd.	March 31, 2007
Group manufacturing companies in Asia	Nikon Imaging (China) Co., Ltd.	March 31, 2010

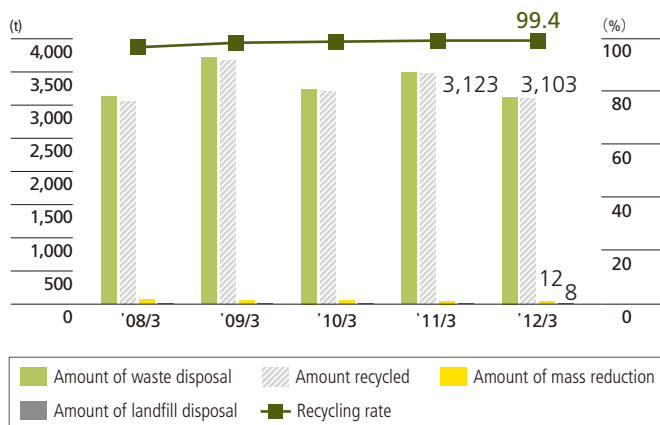
Progress made at Nikon Corporation

The amount of waste disposal including valuable resources by Nikon Corporation during the year ended March 31, 2012 decreased 10.5% year-on-year. Moreover, the recycling rate was 99.4% and the final landfill disposal rate was 0.26%, meaning the company maintained its level 1 zero emissions status.

Breakdown of Waste including valuable resources at Nikon Corporation Plants (by category, year ended March 31, 2012)



Disposal, Landfill and Recycling of Waste including valuable resources at Nikon Corporation Plants



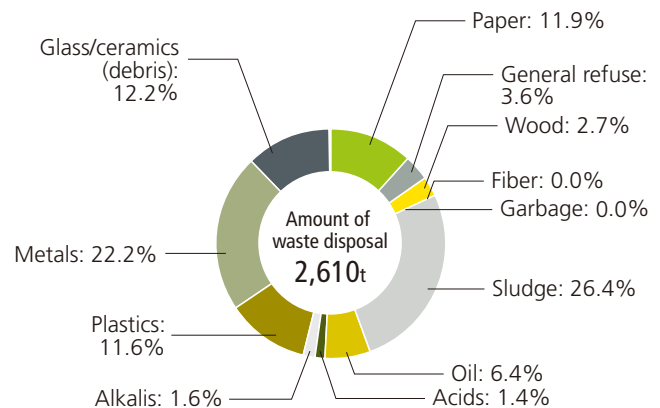
As an example of onsite improvements, the Sagami-hara Plant returns the deposition materials used in the vapor deposition processing of lenses to the manufacturers of the materials for reuse, instead of just discarding them. Moreover the plant began selling waste semiconductor parts to recycling companies, thereby promoting both the recycling and cost savings.

Progress made at Group manufacturing companies in Japan

The amount of waste disposal including valuable resources by Group manufacturing companies in Japan (excluding Hikari Glass Co., Ltd.) during the year ended March 31, 2012 increased 0.8% year-on-year. Although the recycling rate decreased to 96.4%, the final landfill disposal rate was 0.3%, and they were able to maintain its level 1 zero emissions status.

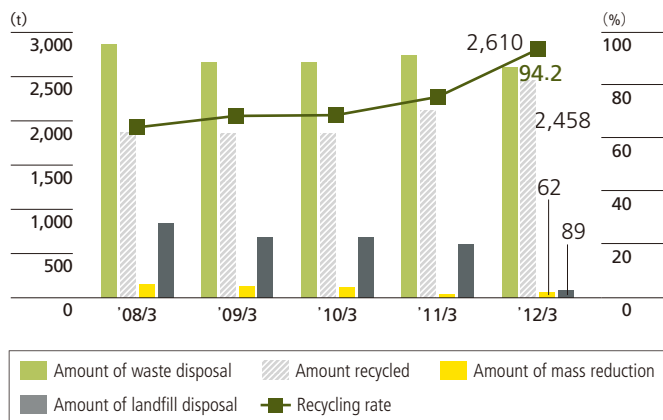
In addition, bricks and a portion of Eco-glass[□] generated at the Akita Plant of Hikari Glass, which used to be landfilled, are now sent to a waste contractor to be recycled into roadbed and other materials. In this way, the plant was able to recycle hard-to-recycle materials and to build a level 4 zero emissions system.

Breakdown of waste including valuable resources at Group Manufacturing Companies in Japan (by category, year ended March 31, 2012)



Expansion and Promotion of Environmental Management

Disposal, Landfill, and Recycling of Waste including valuable resources at Group Manufacturing Companies in Japan



Progress made at Group manufacturing companies in Asia

Nikon Imaging (China) Co., Ltd. commenced activities towards zero emissions[□] during the year ended March 31, 2009. It began with assessing the current situation and examining disposal methods according to waste type instead of sending everything to landfill, and it switched waste processing companies from those that were unable to offer recycling and other such services. As a result of its wide-ranging efforts, it achieved level 1 zero emissions in the year ended March 31, 2010. During the year ended March 31, 2012, it retained level 1 with a final landfill disposal rate of 0.67%. At present, Nikon Imaging (China) is working to recycle waste that is disposed during the cleaning process.

In the year ended March 31, 2012, Nanjing Nikon Jiangnan Optical Instrument Co., Ltd. and Hikari Glass (Changzhou) Optics Co., Ltd. began collecting accurate data on waste disposal with an aim of building a level 4 zero emissions system.

Nikon (Thailand) Co., Ltd. created a zero emissions team and commenced activities in April 2010. These include separating milk cartons from other garbage, as well as incinerating sludge, which is generated during the processing of wastewater from surface treatment and lens processing, in a cement kiln for recycling as a material used in industrial cement. As of September 2011, the final landfill disposal rate was 17%. This is below its voluntary target of 20% for the year ended March 31, 2012, meaning it had built its level 4 zero emissions system. The Thai floods caused production to stop from October 2011, and so no data has been able to be collected, but the company is doing everything it can to restore pre-flood conditions as quickly as possible.

Control and Disposal of Polychlorinated Biphenyl (PCB) Waste

The Nikon Group observes stringent safekeeping and notification practices for PCB-containing waste and electrical equipment in use in compliance[□] with laws and regulations. In July 2011, highly concentrated PCB-containing waste (56 capacitors) stored at Nikon Corporation's Ohi Plant was taken to the Tokyo Facility of the Japan Environmental Safety Corporation (JESCO) for proper disposal. In

consultation with JESCO, we plan to gradually dispose of the remaining PCB-containing waste and electrical equipment in use by the deadline specified in the "Law Concerning Special Measures Against PCB Waste[□]".



PCB waste being removed from the Ohi Plant



PCB waste being delivered to JESCO

Control and Reduction of Chemical Substances in Manufacturing

The Nikon Group manages chemical substances from their purchase and use through to disposal to prevent chemical pollution of the environment and promote safety.

As an example, Nikon Corporation obtains a material safety data sheet (MSDS) for any new chemical substance being purchased, and urges the workplace where the substance will be used to make a prior assessment of the risks associated with such use. The company then checks the measures taken based on the assessment results and has its experts recheck the measures from an expert viewpoint. The Nikon Group strictly controls the use of chemical substances, in particular those of high concern, so as to minimize their use. We will continue conducting research into alternative substances and maintain our efforts to reduce the risk of chemical contamination to as close to zero as possible.

The Nikon Group's PRTR[□]

The Nikon Group created the Nikon PRTR Guide in March 2000. All of its facilities in Japan have been using this guide to manage the chemical substances used at their facilities, including quantity management from purchase and use through to disposal, and safe handling and disposal of chemicals according to MSDSs. Subsequently, in March 2002 we established a system to make notifications, which had become mandatory by law, by updating the Guide to include a new section.

Release and Transfer of PRTR[□] Substances (year ended March 31, 2012)

Unit: kg

Facility	Substance no.	Substance name	Volume handled	Amount released			Amount transferred		Amount in on-site landfill	Amount removed for processing	Amount shipped in product	
				Air	Public water	Soil	Sewage	Waste				
Nikon Corporation	Yokohama Plant	20	2-aminoethanol	1,573	0	0	0	0	1,524	0	49	0
	Sagamihara Plant	305	Lead compounds	11,602	8	0	0	0	4,747	0	0	6,847
		384	1-bromopropane	23,438	23,191	0	0	235	12	0	0	0
		405	Boron compounds	3,023	4	0	0	0	1,235	0	0	1,784
Kumagaya Plant	384	1-bromopropane	3,794	1,581	0	0	0	0	0	0	2,213	
Group manufacturing companies in Japan	Tochigi Nikon Precision Co., Ltd.	384	1-bromopropane	10,197	8,921	0	0	0	0	0	0	1,276
	Sendai Nikon Corporation	88	Hexavalent chromium compounds	2,071	0	0	0	0	280	0	1,791	0
		87	Chromium and trivalent chromium compounds	1,791	0	0	0	0	0	0	0	1,791
		300	Toluene	2,743	2,078	0	0	0	665	0	0	0
		384	1-bromopropane	34,648	26,374	0	0	0	8,274	0	0	0
	Kurobane Nikon Co., Ltd.	71	Ferric chloride	4,800	0	0	0	0	0	0	4,800	0
		384	1-bromopropane	8,600	4,577	0	0	0	0	0	0	4,023
	Hikari Glass Co., Ltd. Akita Plant	405	Boron compounds	17,138	24	1	0	0	7,326	0	0	9,787
	TNI Industry Co., Ltd. Nagai Factory	384	1-bromopropane	1,337	1,003	0	0	0	334	0	0	0
		300	Toluene	1,144	1,038	0	0	0	106	0	0	0
TNI Industry Co., Ltd. Otawara Factory	185	Dichloropenta-fluoropropane	1,475	1,382	0	0	0	0	0	0	93	
Total			129,374	70,181	1	0	235	24,503	0	6,640	27,814	

* The Ohi Plant and Mito Plant of Nikon Corporation do not handle substances that are subject to reporting.

* Tochigi Nikon Corporation and Miyagi Nikon Precision Co., Ltd. (Group manufacturing companies in Japan) do not handle substances that are subject to reporting.

* The above table includes data only for hazardous chemical substances of which one ton or more (0.5 tons or more for Class 1 designated chemical substances) is handled at the facility in a given year.

* The volumes handled are not always identical to the sum of the constituents because of rounding.

Progress report on soil contamination remediation at the Ohi Plant of Nikon Corporation

The Ohi Plant completed remediation work for the soil contamination detected in 2007 at the former No. 2 building site at the end of that year, and at the former No. 1 building site in June 2010. The plant is now purifying the underground water

by pumping it up to be treated, and regularly monitors its quality. It will continue to do so in compliance[□] with related laws and regulations to ensure that there are no adverse effects on surrounding areas.

Soil survey results following alienation of part of Nikon Corporation's Yokohama Plant

Following alienation (transfer) of part of the site at the Yokohama Plant, a soil survey was performed based on the Yokohama City Ordinance on Conservation, etc. of the Living Environment (Living Environment Conservation Ordinance) from June to November 2010. The results of this survey indicated the presence

of fluorine in excess of the standard in a section of the plant's grounds. The degree of contamination was insignificant, with no impact on the surrounding environment. A detailed survey will be carried out up until the time the land is transferred over, and measures will be taken to replace the soil as necessary.

Global Promotion of Compliance Activities

The Nikon Group is committed to making all its employees aware of the importance of compliance to ensure that each employee is able to take appropriate action.

Highlights

Group-wide Dissemination of the Revised Nikon Code of Conduct

In April 2011, the Nikon Group made revisions to the Nikon Code of Conduct to make it applicable to Group companies in Japan and overseas in order to strengthen internal control^① across the entire Group. The revised code places emphasis on a more international CSR^② perspective, and organizes individual categories, such as human rights, CSR-oriented procurement^③ and anti-corruption, more succinctly. At overseas companies, categories are added or changed as necessary according to local laws and circumstances.

With an aim of sharing a global awareness, during the year ended March 31, 2012, we worked to familiarize employees across the entire group with the revised Code of Conduct, and we completed education sessions at 51 Nikon Group companies. Education sessions were delayed at 11 companies in Europe as a result of work to confirm local laws etc., but are scheduled to be completed by June 30, 2012. Education activities were conducted at Group companies, both in Japan and overseas, with compliance facilitators selecting the tools most relevant to their workplace from a set of education tools prepared by the Compliance Section. At Nikon Group companies in Japan, most workplaces conduct group educational events, promoting activities while fostering communication within the workplace. Meanwhile, at overseas Group companies, although there is some variation in the activities undertaken, they are continuing to inform their employees about the Code of Conduct. In cooperation with compliance facilitators, we will continue to raise awareness for the importance of compliance.



Educational booklet distributed in Japan

Voice Acting as a compliance facilitator (corporate ethics coordinators)

As an original initiative, Nikon Business Service Co., Ltd. has been sending out the monthly Compliance Report to all employees since its second year of establishment.

Based on the Nikon Code of Conduct, we have strived to raise employees' awareness for the main points related to performing their duties and about "how they should act," including commentary on laws and regulations. We tend to tense up when we hear the word compliance, imagining something special or overburdening, but through writing for the Compliance Report, I have realized that it is the basis for conducting smooth business operations and good personal relations. I will continue my efforts in the hope of conveying this to many other employees.

Toshihiro Itabashi Administration Team, Planning and Management Department, Nikon Business Service Co., Ltd.



Compliance Promotion

The Nikon Group defines compliance as "meeting the expectations of stakeholders^④ and earning their trust by not only complying with laws and regulations, but also conducting business activities that are sound, fair, and conform to corporate rules and social norms."

Group policies on compliance are determined by the Business Conduct Committee, which is chaired by Nikon Corporation's executive vice president. The Compliance Section of Nikon Corporation's CSR Department develops compliance activities based on these policies and in cooperation with persons in charge of promoting CSR and compliance stationed in the various departments of the company and in Group companies.

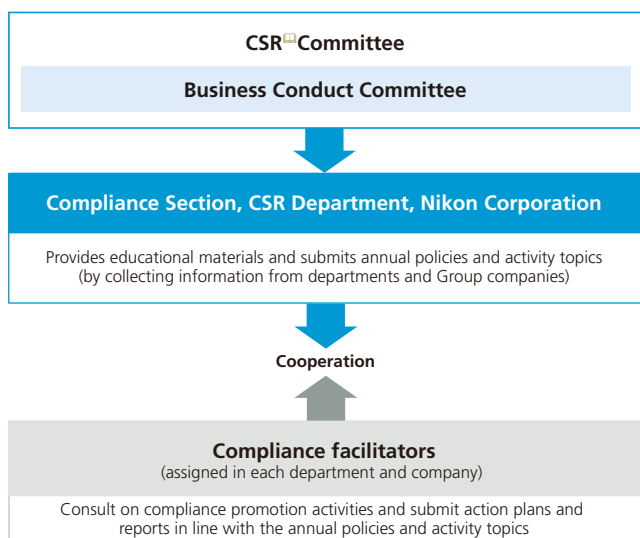
Compliance Promotion Activities

Compliance education

The Compliance Section in the CSR Department at Nikon Corporation sends out an in-house compliance newsletter to local compliance facilitators, thereby reaching the local Nikon Group companies in Japan. In response to recent social trends, the newsletter took up such social news topics as the ban on relationships with antisocial forces. The section has also set up a compliance-related site on the Group intranet. In addition to calling attention to how to deal with public agencies and public servants, the site also handles inquiries.

In terms of group educational events, on top of workplace

Compliance Promotion



education delivered by the compliance facilitators in each department and company, we also provide compliance training for new regular employees, new mid-career workers and employees being promoted to managers, as well as education in response to individual requests. Compliance section also obtain the latest information on compliance by attending conferences and seminars hosted by external organizations.

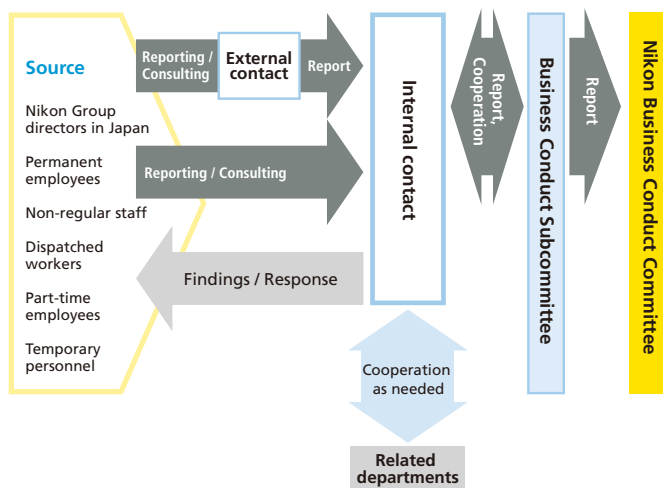
Education on compliance is also provided overseas, including group education delivered by the compliance facilitators in each company as well as e-learning sessions.

Reporting/Consulting system

The Nikon Group established the Code of Conduct Hotline as a central point of contact for employees of Group companies in Japan wanting to discuss a situation that might run counter to Nikon Code of Conduct.

For the sake of improving accessibility, in addition to the existing internal points of contact, we established new external points of contact serviced by external professionals in October 2011. At the

Code of Conduct Hotline Flow Diagram (Japan)



same time, we renewed awareness for the Code of Conduct Hotline, by distributing a new handy card listing the Hotline details to all Nikon Group employees in Japan.

The Code of Conduct Hotline protects the privacy of its users and ensures that they are not disadvantaged in terms of human rights and treatment. In the year ended March 31, 2012, the hotline was used 41 times, and these matters have been dealt with in cooperation with the relevant departments. Appropriate follow-up is also provided as needed.

Our overseas Group companies have also established compliance reporting and consultation hotlines and are informing their employees about the services.

Compliance awareness survey (monitoring)

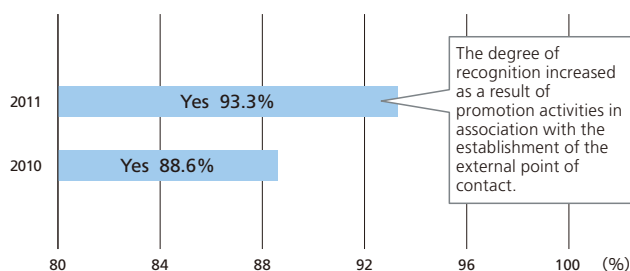
Every October, the e-learning system is utilized to survey all Nikon Group employees in Japan on their attitude to compliance (monitoring). Some departments and companies have inadequate Internet access, and so they were surveyed using a paper-based survey (443 employees). The overall response rate was 88%.

Survey answers are collected under anonymous conditions and a summary of the results is released via the intranet. Additionally, each department and company is given feedback based on their own survey results. For departments with weak scores, the Compliance Section explains the results, requests that improvements be made, and provides education directly. In our ongoing effort to raise awareness of compliance, the Nikon Group will pursue a PDCA cycle to increase awareness of relevant issues and improve performance in each department and company.

Compliance Awareness Survey Results

(Conducted in October 2011 / 11,714 respondents using e-learning)

Q. Did you know that the Code of Conduct Hotline has been set up?



Preventing corruption

The Nikon Group takes strict action against all violations of the working regulations of each Nikon Group company and the Nikon Code of Conduct based on its in-house disciplinary rules after investigating and confirming the facts.

In the year ended March 31, 2012, disciplinary action against the perpetrator (and their managers/supervisors) was taken in two cases at Nikon Corporation, and one case at a Group company in Japan. In order to prevent the recurrence of similar problems, the level of the action and its base article are disclosed internally.



Workforce Diversity at Nikon

The Nikon Group has been conducting activities to promote diversity since 2006, with the main focus in Japan on the advancement of women in the workplace. We plan to further strengthen these activities, and during the year ended March 31, 2012, we hosted a dialogue between experts on the topic of diversity, with an aim of summarizing the current issues and mapping out future efforts.

Participants (official titles are correct as at the time of the dialogue)

Mr. Kazutaka Okubo	Partner, CSR Promotion Officer, Certified Public Accountant Ernst & Young ShinNihon LLC
Mr. Naoki Atsumi	Specialist Committee Member, Council for Gender Equality, Cabinet Office Director, Diversity and Work Life Balance Research Department, Toray Corporate Business Research, Inc.
Mr. Kenichiro Akiyama	Representative Director, MINORI Management Research Institute * Oversees the Diversity Training for Managers at Nikon Corporation
Kenichi Kanazawa	Director and Operating Officer, Nikon Corporation (Director responsible for human resources)
Masahiko Yoshida	General Manager, Human Resources Department, Business Administration Center, Nikon Corporation
Toshiko Hakamata	General Manager, CSR Department, Corporate Planning Headquarters, Nikon Corporation
Aki Wakamiya	Manager, Product Planning Section, Bioscience Marketing Department, Instruments Company, Nikon Corporation
Atsushi Godai	President, Nikon Imaging Japan Inc.

Okubo (Here in after “—”) The aim of today’s stakeholder dialogue is to seek the advice of external experts in presenting specific problem areas at Nikon in the hope that this will lead to clues for finding solutions to these problems. I guess the key words for today are the diversification of value and markets, plus innovation. To begin with, I will ask the experts to present their views on any existing issues at Nikon.



Facilitator: Mr. Kazutaka Okubo



Mr. Naoki Atsumi



Mr. Kenichiro Akiyama

Atsumi At present, Nikon Corporation has better work-life balance arrangements than most other companies in Japan, but the level of females appointed to managerial positions is relatively low. Overseas, and particularly in Europe, there has been a push to require companies to achieve a certain ratio of female officers. For companies like Nikon, which are expanding their global presence, any delay in efforts for diversity could handicap their business in the future.

Akiyama I believe that diversity is the foundation of management. I see a good manager primarily as someone who ascertains the character differences of each of his/her subordinates, and who can enable them to reach their own potential. I think that such an environment engenders innovation, and this leads to increased competitiveness for the whole company.

— Looking from within Nikon, what do you see as the issues for promoting the advancement of women in the workplace?

Hakamata Led by the CSR Committee, Nikon has been committed to promoting the advancement of women in the workplace for six years. Recently, various systems have been set up which provide support for workers caring for their children or other family members. Although these activities need to be rolled out globally, at present, the initiative which Nikon Corporation leads to improve are limited to Nikon Corporation and five Group companies in Japan. Considering that it has been six years, this is slow. In order for these activities to expand to other Group companies, the whole Group needs to recognize this as a common challenge.

Godai When it comes to staffing plans such as the number of new recruits, Group companies like ours are strongly influenced by the parent company, Nikon Corporation. In addition to offering more opportunities for women in the workplace, at the same time, we

must also consider how people with diverse backgrounds, such as those with different employment patterns and past careers, can play an active part in the company. This will lead to revitalization within the company.

Wakamiya Although my workplace seems to have a relatively large number of females, it is mostly the male employees who get temporarily transferred overseas for instance. I wonder why this is.

Atsumi My way of thinking is that: *Females are a majority among minorities. In a workplace where not even females can take an active part, it would be difficult to promote diversity[□] for other minorities, such as for non-Japanese employees.* In the process of promoting the advancement of women in the workplace, people often mistake thoughtfulness for reserve: *I cannot send her on a tough business trip overseas because she is a woman.* However, a “severe” stance is sometimes required. On the other hand, companies should be responsible for being “fair” (fair treatment) and taking “care” (expansion of systems to support people with different constraints).

— On the reality of a low ratio of females in managerial positions, what do you think about your personnel evaluations?

Yoshida Evaluations at Nikon are conducted with equality for both men and women, but there is the issue of how parental leave and other blank periods should be taken into consideration when evaluating the performance of women.

Atsumi The evaluation of blank periods is a common issue for all Japanese companies, and they each deal with it in their own way.

Akiyama I do not think that blank periods need to be perceived negatively. For the person taking the leave, it is a time for them to learn new things and broaden their experiences. I would say that different perspectives are needed for evaluating everyone’s individual differences.

Hakamata On the topic of evaluations—and this is just a tentative theory—another possible argument is that managers are reserved and do not give female employees work through which their performance can be evaluated.

Godai As I think there are some areas men can do better, on the other hand, some areas women can do better, we should recognize this balance.

Akiyama If a company sticks to male-dominant management and/or male ways of doing things, females will continue to get poor evaluations. Differences in style end up affecting appraisals.

Kanazawa There are more females than males who quit their jobs in mid career. Through the discussion so far, maybe we need to reconfirm whether females are been assigned challenging and self-fulfilling work.

Wakamiya Some women are in charge of important work. I reckon there may be a disparity in the perceptions of men and women as to whether they have an eye on a future managerial position.

Atsumi Women who take up managerial positions have five resources in common. I use the acronym “MR. PUP” to denote these resources. “M” stands for Mentor. “R” indicates a variety of Role models. “P” is Partners who support both in the workplace and at home. “U” stands for “*U-shu*” in Japanese which means capability and includes an attitude of learning from others and an interest in expanding one’s network. And, finally, the second “P” stands for Positive thinking. I believe that women who aspire for managerial positions have this second P.

— I’d like to move the discussion toward finding the direction that Nikon should pursue.

Akiyama I think Nikon has cleared the stage of understanding the concept of diversity. The next step would be for Nikon to create several workplaces or project teams within the company which are actually diverse in nature. In a new environment, problems will occur on a practical level. When they arise, some people will raise negative views, such as, “Is there really any point in doing this?” But the key to promoting diversity is to have in-depth discussions which also include these negative views. Once examples of success emerge, efforts will pick up pace.

Atsumi What should Nikon do to create diverse workplaces? I think it is important to create a workplace culture, and for this, I reckon that providing “hands-on minority experiences” is extremely effective. By experiencing feelings of alienation and loneliness, people can personally understand the support needed by minorities. Diversity is a management strategy. Just as with herbal medicines, it might take some time for the strategy to take effect, but it will undoubtedly link to corporate performance. These effects will be four-fold: 1) securing good personnel; 2) improving employee motivation; 3) forming an efficient organization; and 4) promoting innovation. Diversity needs to be recognized as a management issue.

Yoshida In the Human Resources Department, rather than waiting for workplace attitudes and culture to change, we will take positive measures.

Solutions for these challenges (summary)

► Development of a workplace culture

Shock treatment will be needed at times → Problems will be revealed

- Raise and share awareness within the company of why diversity is necessary
- Personnel rotations
(Both managers and their staff get to experience accepting things that are different in nature)
- Numerical targets
(Having an opportunity to discuss the numerical targets is also effective for visualizing the problems)

► Attitude surveys to confirm the effects



Diversity is a management issue.

In closing

Kanazawa Within the management team, we have given a great deal of attention to diversity. But this has not actually led to the company to complete change yet. Going forward, we will put the various suggestions received today to good use. Thank you.

Web Stakeholder Dialogue[□]

<http://www.nikon.com/about/csr/feature/dialogue/>

Labor Environment for Employees

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.

Highlights Improvements in the Labor Environment via Responses to the Great East Japan Earthquake

With the Great East Japan Earthquake and the subsequent planned blackouts, the year ended March 31, 2012 forced us to think about the way we work.

Immediately after the earthquake, Nikon Group companies in Japan set about confirming the safety of their employees and damage to their houses. In addition, to take care of those employees affected by the earthquake while travelling on business and other employees who found commuting to work difficult due to transportation disruptions, and in response to planned blackouts and restrictions on the use of electricity, we made a number of decisions on our working hours framework, for instance adopting a rotating basis for our operations during the summer months. We also established a new system of special leave for employees participating in reconstruction support activities in affected areas, and we provided assistance to help with transport and accommodation costs.

Furthermore, in response to the planned blackouts, we could not take across-the-board action because each workplace district had a different pattern of blackouts. Furthermore, power supplies were being cut during prescribed working hours, and power outage patterns were only being announced just before they came into effect. For these reasons, we expanded our flexible working arrangements. As for operating on a rotating basis during summer, in order to mitigate the childcare and nursing care costs incurred by workers for whom weekends and national holidays had become prescribed working days, we provided assistance to help cover childcare and nursing care fees. In this way, this was a year when we reviewed the work-life balance.

Every year, Nikon Corporation runs the Working Hours Campaign from autumn through to winter. During the Working Hours Campaign for the year ended March 31, 2012, we surveyed workplace managers, and we reacquainted them with raising awareness for the curtailment of excessive overtime work and with ensuring prior application and prior directives for overtime work. Furthermore, the Personnel Department collected information on difficulties in managing employees' working hours, and conducted awareness-raising activities on a case-by-case basis for workplace managers found to be in need. In addition, in order to raise awareness for costs, we prepared a simplified chart on meeting costs, and posted it in the meeting rooms at workplaces.



Meeting costs simplified chart

Voice The Working Hours Campaign was a good chance to review the way we work

I reckon the Working Hours Campaign is a good chance to review the way we work day to day. The company has introduced an array of measures, such as “no overtime” days and the planned use of annual paid leave. But just introducing a system is not good enough. It needs to be regularly inspected. By both the company and employees thinking about how we each work efficiently, my hope is to use the Working Hours Campaign as an opportunity to make an even better working environment.

Shinichi Ishida

Assistant Manager, Labor Planning Section, Human Resources Department,
Business Administration Center, Nikon Corporation



Measures for Management

With an aim of having a common human resources vision shared across the Nikon Group, since the year ended March 31, 2012, we have been working on interviewing the persons responsible for human resources at the major Group companies around the world.

Monitoring Group Companies

Carrying on from 2011, a monitoring survey was conducted in March 2012, aimed at the global management of human rights and labor environments in the Nikon Group.

The survey covered a broad range of content, from questions on human rights and labor environments (such as about child or juvenile

workers, labor unions, welfare systems, incidents of discrimination and disciplinary cases) to questions on diversity[□] (such as the advancement of women in the workplace and the employment of people with disabilities). With an emphasis on Group companies in the Asian region, additional questions were surveyed to confirm whether they had sufficient rules in place for human rights and labor compliance[□].

The results of this round of surveys did not uncover any material problems across the entire Group. Monitoring has allowed us to also understand the real conditions in each country that would not otherwise be possible with quantitative data alone.

We will provide feedback on the results of this survey to each of the Group companies, and we will set appropriate indicators and targets in preparation for the next monitoring survey.

Through these monitoring surveys, we will endeavor to grasp each company's actual conditions and to promote CSR[□] globally.

Human Rights Education

During the year ended March 31, 2011, we provided education on the UN Global Compact[□] both in Japan and overseas. Through this education, we worked to spread understanding of human rights among employees. During the year ended March 31, 2012, we continued to provide the same education, this time to overseas Group companies that missed out previously and to employees in Japan who had not yet taken the e-learning program (including new employees). This education will be ongoing in the future.

At Nikon Corporation, we regularly conduct short courses in the training program for new employees, where human rights education is included with topics such as discrimination and sexual harassment.

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 the requirements of each level. We have a dual-track system, namely a professional level and a management level, 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 and exercise their strengths as an organizational leader. Employees who are soon to make a choice between the two can attend career planning sessions and receive support for their career development. 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, 2012, Nikon Corporation held a total of 182 stratified training and business skills training courses, which were attended by a total of 6,047 employees. In addition, 195 engineer training courses were held for a total of 2,188 employees. The average Nikon Corporation employee spent 2.07 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 increasingly globalize and the demand for human resources with the ability to drive innovation and business expansion in international markets grow more pressing, Nikon Corporation is building the optimal system to develop human resources.

During the year ended March 31, 2011, we introduced the Overseas Foreign Language Training Program to foster talented employees who can play an active role especially in developing countries. Under this program, employees who have been selected by their department leave their jobs for a certain period of time to devote themselves to foreign language training. The training consists of it in Japan for two months and overseas training for four to eight months.

During the year ended March 31, 2011, overseas training was held in China, Russia and Brazil. During the year ended March 31, 2012, the target countries were expanded to include Thailand. Furthermore, up until the year ended March 31, 2011, the total period of training had been set at about ten months. However, during the year ended March 31, 2012, the training program was enhanced by setting an overall range of six to ten months to allow for the times of year when employees are transferred to new posts. So far, the first two groups of trainees have completed the language program, and all of them have taken up local posts at the end of the program. The program being run in the year ended March 31, 2012 is for the third group of trainees. The future goal is to ascertain the needs of the departments and customize the content of the training to bring it in line with the nature of the work following appointment to the new post.

Human Resource Department of Nikon Corporation did group-wide interview the need for the teaching of multiple languages in addition to the current English-language education. Based on the results of these interviews, foreign language training programs were started during the year ended March 31, 2012 for Chinese, Korean, Thai, Russian and Portuguese programs.

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).

As of March 31, 2012, the Nikon Labor union has 5,049 members and the JMIU Chapter seven, which totals 5,056. The company and

Labor Environment for Employees

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 employee's job, the Nikon Group discusses the matter with his/her union or employee representative, obtains its prior approval, and then takes time to communicate it to the employee. In the year ended March 31, 2012, following labor-management discussions at a number of Group companies, operations were run on a rotating basis during summer as a countermeasure against the demand for electricity, and other power-saving measures were implemented. Some personnel systems were also revised at the Group companies.

Health and Safety of Employees

Health and safety activities for all members at Nikon Group companies in Japan

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, the rates of frequency and severity of accidents resulting in lost work time at Nikon Corporation and Group companies in Japan are well below the average for the manufacturing industry nationwide.

Policies on Health and Safety for the Year Ended March 31, 2012

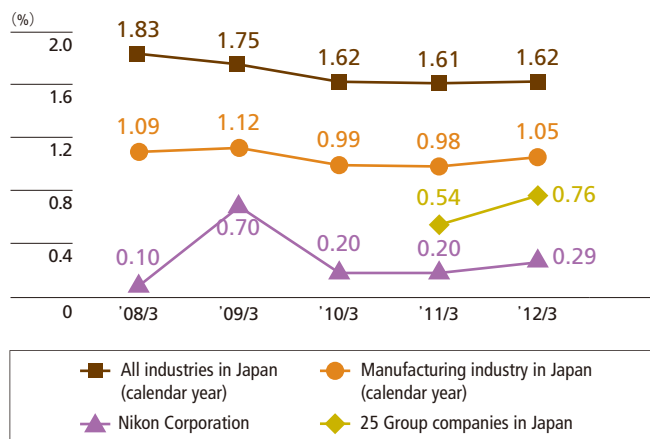
Goal : A healthy, safe, vibrant corporation through deeper communication

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



Severity Rates at Nikon Corporation and Group Companies in Japan

	'08/3	'09/3	'10/3	'11/3	'12/3
All industries in Japan (calendar year)	0.11	0.10	0.09	0.09	0.11
Manufacturing industry in Japan (calendar year)	0.10	0.10	0.08	0.09	0.08
Nikon Corporation	0.00	0.00	0.00	0.00	0.00
25 Group companies in Japan	—	—	—	0.01	0.01

* "0.00" indicates a rate of less than 0.005.

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 year ended March 31, 2012, we also sought to promote personal health maintenance by distributing a stress web test to Nikon Group employees.

Lawsuit over former contract worker

In March 1999, a contract worker, who had been working at Nikon Corporation's Kumagaya Plant, took his own life, and the worker's bereaved family instituted a lawsuit claiming overwork. In September 2011, the Supreme Court ruled that it would not accept our application for final appeal against the case. We will continue to give due consideration to the health and safety of the people working at Nikon Group companies.

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 year ended March 31, 2012, we worked to prevent occurrences of similar accidents by taking the database of accident data posted on the Nikon Group intranet and sharing it across the Nikon Group.

In order to ensure the safety of Nikon Group employees taking on restoration work at Nikon (Thailand) Co., Ltd., which had sustained damage during the 2011 floods in Thailand, we conducted awareness-raising activities (such as strengthening measures against infectious diseases and pointing out occupational precautions) and we provided health and safety guidance based on the results of on-site reviews conducted by the Nikon Corporation Health and Safety Department.

In addition, Sendai Nikon has been certified according to OHSAS 18001, an international certification standard for occupational health and safety management systems, since December 2001 and Nikon (Thailand) Co., Ltd. since September 2010.

Promotion of Diversity Activities

The Nikon Group employs people with a diverse range of backgrounds. By respecting their diversity and human rights and by treating them fairly, our basic policy is to develop an environment in which employees can make the most of their abilities and produce results as a team. We currently focus on efforts in Japan, such as supporting the progress of women in the workplace and assisting people with disabilities.

Highlights

Diversity training for managers aimed at enhancing the advancement of diverse employees

Since the year ended March 31, 2008, Nikon Corporation has been working to improve its diversity management. We trialed diversity training for a number of managers during the year ended March 31, 2011, and since the year ended March 31, 2012, we have expanded it to include all managers. This training focused on the management of female employees — who are in the minority in the workplace — and on the management of subordinates from different generations, and included a review of scientific evidence and important points for communicating.

During the year ended March 31, 2012, five sessions were held, attended by 118 managers. A study meeting on diversity management was also held for 11 directors on February 6.

In order to create a workplace culture that takes full advantage of differences, we will continue to develop a common understanding of diversity management by further expanding the training to also cover general managers and above.



Diversity training

Voice Attending the diversity training for managers

I attended a diversity training session in November 2011. For me, it was an opportunity to learn about differences in how men and women communicate, as well as about the generation gap, the importance of making use of differences and about how the things a manager says or does without thinking can affect his/her team. After getting back to the workplace, I shared the details of the training with my coworkers, and I have also tried to set aside more time for casual chats and to exchange views directly with them. As a result, I feel that, little by little, there has been an increase in situations that are good for everyone concerned. I think the way each of us feels differ, not just because of differences in gender or generation, but also because of our individual personalities. Therefore, when carrying out my duties with others in the workplace, I will remember to put myself in their shoes.

Akihiko Morishita

Manager, Fourth Development Section, Second Development Department,
Development Headquarters, Imaging Company, Nikon Corporation



Labor Environment for Employees

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 fixed-term workers and dispatch workers, we position staff based on staffing plans in each business unit, and we implement training seminars as the occasion demands. With respect to dispatch workers, we sometimes switch them over to direct employment depending on the nature of the work and the wishes of the worker.

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. Since June 2010, in response to enactment of the revised Child Care and Family Care Leave Act, we have also 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 KuruminTM Mark. We are steadily making preparations to institute these systems in our Group companies in Japan as well.

Number of Employees Taking Childcare Leave

Unit: people

		'08/3	'09/3	'10/3	'11/3	'12/3
Nikon Corporation	Men	1	1	2	3	4
	Women	10	17	31	24	15
Group companies in Japan*	Men	—	0	0	0	1
	Women	—	16	15	28	28

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

Re-entry system

Nikon Corporation provides employees, who have left the company for marriage, family care, spouse's job transfer or for other unavoidable reasons, with opportunities to try re-entering the company.

Telecommuting

Nikon Corporation introduced telecommuting systems at those departments with a particularly strong need, and continued to run them there throughout the year ended March 31, 2012. We will keep on with the systems in order to increase work efficiency and provide more options for achieving a work-life balance.

Women in the Workplace

The Nikon Corporation 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.

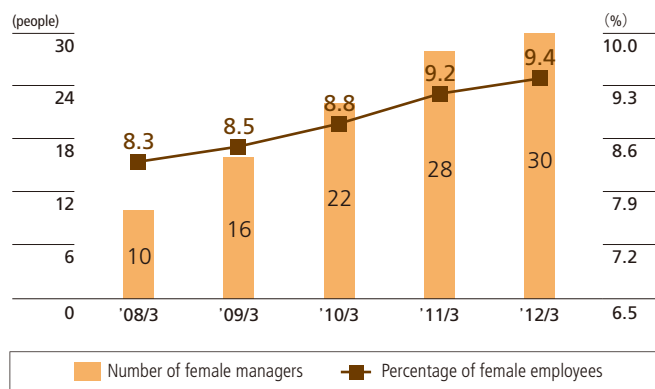
As one of the measures to support the advancement of women in the workplace, Nikon Corporation considers it necessary to first increase the number of female employees, and as such, we have set a medium-term target specifically for the percentage of women employees. We have been active in our recruiting activities to employ more women, and during the year ended March 31, 2012, we held a recruitment event targeting female engineers.

Numerical targets for promoting female advancement at Nikon Corporation

Percentage of women (permanent and non-regular staff) in the total number of employees:
at least 10% by the end of March 2013

Number of female sectional and higher-level managers:
22 at the end of March 2010 → double by the end of March 2015

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. During the year ended March 31, 2012, 44 employees from Nikon Corporation and 19 employees from Nikon Group companies in Japan participated in this training, bringing the total number of participants since the program's launch to 404.

We have also designated five Group companies in Japan as model companies for promoting the advancement of women in the workplace, and since the fiscal year ended March 31, 2011, we have set targets and implemented measures. Having considered the challenges and potentials of each company, we have conducted activities suited to their respective circumstances, such as expanding the scope of work for female employees through personnel rotations, and launching projects just for female employees that are deliberately targeted at female customers.

With an aim of promoting the activities at group companies other than the model companies, during the year ended March 31, 2012, we also conducted a qualitative survey to ascertain the actual

state of affairs at Group companies. Most Group companies responded with, "There are no current issues, since we provide equal opportunities for both men and women." The survey, however, showed that this, in itself, is one of the factors hindering the deliberate advancement of women in the workplace.

Furthermore, based on the results of this survey and on our current initiatives, in March 2012, we engaged in stakeholder dialogue[□] together with outside experts on the topic of diversity[□] (see P47). Taking into account the issues and opinions that emerged from the dialogue, during the year ending March 31, 2013, we will expand our activities for the advancement of women in the workplace to all Group companies.

Percentage of Female Employees

Unit: %

	'08/3	'09/3	'10/3	'11/3	'12/3
Nikon Corporation	8.3	8.5	8.8	9.2	9.4
Group companies in Japan	—	16.7	17.0	17.0	16.8
Overseas Group companies	—	—	73.5	69.2	65.9

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

Percentage of Female Managers

Unit: %

	'08/3	'09/3	'10/3	'11/3	'12/3
Nikon Corporation	0.9	1.4	1.8	2.3	2.5
Group companies in Japan	—	0.8	1.7	0.8	2.3
Overseas Group companies	—	—	19.4	25.1	24.9

* 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

The Nikon Group has introduced a system under which employees who meet certain criteria are given the opportunity to continue

Turnover

Unit: people

		'09/3		'10/3		'11/3		'12/3	
		Retirees	Others	Retirees	Others	Retirees	Others	Retirees	Others
Nikon Corporation	Men	111	50	133	59	154	78	149	70
	Women	10	8	4	7	3	11	4	10
Group companies in Japan	Men	16	81	19	62	42	56	49	66
	Women	3	39	2	29	1	14	7	31
Overseas Group companies	Men	—	—	17	160	17	154	16	191
	Women	—	—	2	80	10	61	6	93

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

working for the company even after they reach the retirement age of 60. In the year ended March 31, 2012, about 80% of retirees at Nikon Corporation were reemployed and are actively working for the Nikon Group. A Life Plan Seminar is also held for employees who are approaching retirement age in the next year. The seminar offers them an opportunity to plan their lives after retirement.

Supporting People with Disabilities

Nikon Tsubasa Inc., a special subsidiary of Nikon Corporation, was established in the year 2000, to respond to legal requirements in Japan pursuant to the Act on Employment Promotion etc. of Persons with Disabilities. Its workforce has grown from an initial 10 persons with intellectual disabilities to 31 as of March 31, 2012, 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 document 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 are striving to give Nikon Tsubasa Inc. more orders for work.

In terms of the statutory required percentage of disabled employees, Nikon Corporation, Nikon Tsubasa Inc., Nikon Systems Inc. and Nikon Business Service Co., Ltd. have obtained government approval to calculate the rate as a group, and have achieved the required standard. As for other Group companies in Japan, however, enforcement of the revised act resulted in four Group companies falling below this standard, and they are now subject to the Levy and Grant System for Employing Persons with Disabilities. These Group Companies will continue to recruit via HelloWork offices (public employment security offices) and participate in interview fairs.

Employment Rate of Persons with Disabilities at Nikon Corporation and Three Group Companies

Unit: %

	'08/3	'09/3	'10/3	'11/3	'12/3
Employment rate of persons with disabilities	1.86	1.98	1.94	1.94	1.98

* Employment rate is as of June 1 each year, based on the figures reported to the government.

Co-existence with Society and the Natural Environment

Expansion of Social Contribution Activities Worldwide

The Nikon Group conducts its business in a range of countries and regions in the world, where we strive to promote communication with local communities through our social contribution activities.

Highlights

Activities by Volunteer Employees to Support Recovery from the Great East Japan Earthquake

Nikon Group companies in Japan have established the “Rules for Activities Supporting Recovery from the Great East Japan Earthquake” so that they can contribute as much as possible to the rehabilitation of communities affected by the Great East Japan Earthquake by supporting the volunteer activities of their employees. Employees who participate in recovery support activities mediated or introduced by the company are granted special leave, plus they have their transport and accommodation costs subsidized.

Examples of activities mediated by the company during the year ended March 31, 2012 include the removal of debris, mud-out work and assistance for the fishing industry along the Oshika Peninsula in Ishinomaki City, Miyagi Prefecture. We also sent volunteer employees to assist at a photography workshop held in Yamamoto Town, Miyagi Prefecture, and we lent out the cameras used in the workshop. The workshop targeted residents who were living in makeshift housing in Yamamoto Town, and it gave the participants hands-on practice operating actual cameras. In cooperation with local NPOs and social welfare councils, appeals are made about once a month for employees to participate in these activities.



Sorting out oyster shells used in the farming of sea squirts (Oshika Peninsula, Ishinomaki City, Miyagi Prefecture)

Voice Participating as a volunteer during the recovery from the Great East Japan Earthquake

When the Great East Japan Earthquake struck, I was astonished when my eyes were opened for the first time to how peaceful a life I had been leading. Then I spent day after day agonizing over what I could do to really help the victims of such a terrible situation.

Later, I went on a volunteer tour to places like Ishinomaki and helped out clearing debris from sites where houses had once stood. Doing this, it really hit home that there used to be people here leading daily lives no different from our own. I also got a feeling that those places definitely had life in them yet.

Just because I have seen a little of the effects of the disaster, does not mean that I could get a simple answer as to what exactly we should do, but because I saw it with my own eyes, I definitely gained some new perspectives. I realize now that, rather than being “one-sided support,” the attitude to volunteering should be one of “a bond ... a joy of connecting with others.”

Noeru Takemura

Fourth Development Section, First Development Department, Development Headquarters, Imaging Company, Nikon Corporation



Status of Activities

The Nikon Group conducts social contribution activities around the world with an emphasis on five areas: conservation of the global environment, education, welfare, art and culture, and contributions to local communities, plus on “support for post-disaster.” During the year ended March 31, 2012, fund-raising campaigns were run in response to the Great East Japan Earthquake and to the floods in Thailand. Employees made donations, with some Group companies matching the donations yen for yen. These were collected and sent to aid groups such as the Japanese Red Cross Society.

Group companies were also been surveyed to gauge the status of their activities for social contribution. The survey revealed some of the issues faced by companies that had not implemented activities, including: insufficient understanding and awareness for social contribution activities, and uncertainty about what to do despite awareness. Examples of support and donations were presented to these companies, which led them to action. Going forward, we will continue to promote activities as a group.

During the year ending March 31, 2013, we will also establish guidelines for responding in the event of a disaster, and we will develop a system whereby each Group company can provide rapid support.

Conserving the Global Environment

Co-sponsoring the International Children's Painting Competition on the Environment

Nikon Corporation co-sponsors the International Children's Painting Competition on the Environment jointly with the United Nations Environment Programme (UNEP), the Foundation for Global Peace and Environment (FGPE), and Bayer AG to raise the environmental awareness of children throughout the world.

The theme of the 2011 competition (which was the 20th competition) was "Life in the Forests (BiodiversityTM)." Approximately 600,000 entries were received from 99 countries, and 63 winning entries were selected. The awards ceremony was held in September 2011 in the Indonesian city of Bandung, in conjunction with the Tunza International Children & Youth Conference on the Environment (organized by UNEP in collaboration with the Government of Indonesia). Seven of the award winners were invited and received their prizes at the ceremony.



Trisha Co Reyes,
1st Global Prize Winner
(13 years, Philippines)

Participation in the Mt. Fuji Reforestation Project

The Nikon Group is participating in a collaborative project to restore forest biodiversity on the northern foothills of Mt. Fuji as a member of the Mount Fuji Nature Restoration (organized by OISCA International). Marking its fifth year, the project has completed the reforestation of 100 hectares on schedule. The Nikon Group provides support for managing and maintaining the forest and also encourages its employees and their families to volunteer in these activities: a total of 450 people representing the Nikon Group have visited Mt. Fuji thus far.



Reforestation work on Mt. Fuji (May 2011)

Education

Nikon scholarship programs in Thailand

Nikon Corporation has two scholarship programs in Thailand: the Nikon Shanti Scholarship, which is designed to support students attending junior and senior high school and university, and the Nikon Chualongkorn Scholarship to help Thai students study at graduate school in Japan. In the fiscal year ended March 31, 2012, 150 junior and senior high school students, 24 university students, and three students studying in Japan received support under these scholarship programs.

"On-Demand Lessons" delivering environmental education

Nikon Corporation provides environmental education on biodiversity utilizing two internally produced environmental awareness tools: AKAYA Note and IKIMONO KARUTA. During the year ended March 31, 2012, we delivered eight "on-demand lessons" to a total of 1,186 students at five elementary schools, two junior high schools and one senior high school. In June 2011, we invited elementary school students from Yamanashi Prefecture to Mt. Fuji, where we conducted an outdoor program. Through photography, the children learned about the connections between living creatures.

We also send the AKAYA Note and IKIMONO KARUTA learning aids to educational facilities that ask.



Children using digital cameras to photograph living creatures

Web AKAYA Note · IKIMONO KARUTA

<http://www.nikon.com/about/csr/society/education/environmental-education-support/>

Co-existence with Society and the Natural Environment

Art and Culture

Nikon Salon photo galleries

Nikon Corporation opened a photo gallery named "Nikon Salon" in Ginza in 1968 to display outstanding photographic works by both amateurs and professionals. Today, it has three galleries in Ginza, Shinjuku, and Osaka. From among all the works exhibited in the galleries during each year, we select artists with excellent work for the Ina Nobuo Award, the Miki Jun Award, and the Miki Jun Inspiration Award to support the development of photography.

In the year ended March 31, 2012, the galleries held a total of 205 photo exhibitions —156 by individuals and 49 by groups. Furthermore, in May 2011, Nikon Salon received cultural acclaim from academic circles, being awarded the Toyo Award from the Society of Photographic Science and Technology of Japan (SPSTJ).

Nikon Field Photographer Program

During the year ended March 31, 2012, Nikon again conducted the Nikon Field Photographer Program, a program that allows participants to experience the excitement of sports through photography. The program was conducted at eight matches in five countries (Japan, Korea Republic, China, United Arab Emirates (UAE) and Saudi Arabia) during the AFC Champions League 2011 soccer matches held across Asian countries. Up to five parent-child pairs (10 persons) were invited from the local community to each game to photograph the players prior to the game using digital SLR cameras.



Participants at a match between FC Seoul (Korea Republic) and Al Ain (UAE)

Mariners-Nikon Social Responsibility Program

Together with the Seattle Mariners, Nikon Corporation runs the Mariners-Nikon Social Responsibility Program. This program enables children to experience the enjoyment of watching baseball and taking photographs with digital cameras. During the 2011 Major League Baseball (MLB) regular season, students from local elementary schools in Seattle were invited to 13 of the Mariner's home games to enjoy the hotly contested matches. In addition, COOLPIX digital cameras were donated to six local schools.



Pre-game ceremony at the ground to present COOLPIX cameras

Welfare

Social contribution programs for employee cafeterias and beverage vending machines

Nikon Group companies in Japan participate in TABLE FOR TWO (TFT), an activity which aims to address hunger in developing countries and unhealthy overeating habits in developed countries, thereby mitigating the food gap between countries and helping people lead healthier lives.

TFT lunches are offered at the employee cafeterias at five of Nikon Corporation's plants (Ohi, Yokohama, Sagami-hara, Kumagaya and Mito). During the year ended March 31, 2012, TFT lunches were also started at Tochigi Nikon Corporation. Employees who want to support the program purchase healthy and nutritionally-balanced TFT lunches, with 20 yen from each meal being donated to provide school lunches at community schools in Uganda, Rwanda, Malawi and Ethiopia. 20 yen is enough to cover the cost of one school meal for a child in Africa.

Contribution activities led by employees

At Nikon U.K. Ltd., donations are made to social contribution activities chosen by employees. For the year 2012, Alzheimer's Research UK was selected for support. This organization specializes in the prevention and treatment of dementia and the discovery of cures.

Contribution to Local Communities

Activities by Group companies in Japan

Continuing on from the previous year, Sendai Nikon again conducted a hands-on learning program for junior high school students. 14 second-year students from four nearby junior high schools were accepted to take part in an eight-day program of sorting camera parts, packing and shipping finished goods, as well as collecting waste from the workplace. Students got to perform tasks that they could not otherwise experience at school or at home.

Meanwhile, at Kurobane Nikon, we lent our support to photography activities by sponsoring two local competitions: the Kurobane Hydrangea Festival Photo Contest, and the Four Seasons of Nasu Photo Contest. Kurobane Nikon also actively participated in cleanup activities, including activities to clean up areas surrounding the workplace and around Mt. Atagoyama organized by the local Chamber of Commerce and Industry.

Promotion of CSR Activities in the Supply Chain

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

Highlights Addressing the issue of “conflict minerals”

The term “conflict minerals” refers to the minerals (tantalum, tin, tungsten, gold) mined in areas of conflict in the Democratic Republic of the Congo and neighboring countries. They are called this because they incite serious problems such as violations of human rights and destruction of the environment and because they serve as a source of funds for armed insurgents. International efforts have been mounted to resolve these problems. The Nikon Group has also adopted a basic policy of doing all it can to not use conflict minerals. For instance, in cooperation with our procurement partners, we conduct surveys on the use of minerals.

In the year ended March 31, 2012, we revised the Nikon Procurement Partners’ CSR Guidelines to include policy on the conflict minerals issue under the “Respect for Human Beings,” and we explained this to our procurement partners. In addition, we surveyed 1,243 procurement partners in Japan on their usage of conflict minerals, receiving responses from 920 companies (return rate: 74%). We also conducted a similar survey on our overseas procurement partners, and received responses from 208 companies.

During the year ending March 31, 2013, in addition to sharing the results of these surveys with the procurement departments of Nikon Group companies, we endeavored to increase the accuracy of the surveys, such as by verifying individual responses and promoting awareness where necessary. Going forward, we will continue to survey our procurement partners, while reviewing the form and content of the surveys.

Based on the Nikon Basic Procurement Policy and the Nikon Procurement Partners’ CSR Guidelines, the Nikon Group will continue to strive to fulfill its social responsibilities along its supply chain with regard to the conflict minerals issue.

Voice Efforts along the supply chain dealing with the issue of “conflict minerals”

The survey of procurement partners raised a variety of questions, such as those on the definition of conflict minerals, the amount of minerals used and the scope of the survey. Accordingly, we felt the need to further deepen our procurement partners’ understanding of this issue. Furthermore, the number of suppliers along the supply chain is enormous, and there are many procurement partners who find it hard to investigate mineral content. Consequently, we also sensed the difficulty involved in examining conflict minerals.

Takuya Hashimoto Procurement Planning Section, Procurement & Facilities Management Department, Business Administration Center, Nikon Corporation




Basic procurement policy

The Nikon Group procures materials from suppliers in a sincere and fair manner based on the Nikon Basic Procurement Policy. The aim of this is to continue providing customers with products that meet their needs while also building up a more desirable society and global environment and realizing the sustainable development of our corporation. Based on this policy, we have established the Nikon Procurement Partners’ CSR Guidelines for tackling our social responsibility along the entire length of the supply chain. In addition, we have also established the Nikon Green Procurement Standards for procuring environmentally friendly parts and materials.

Within Nikon Group companies in Japan, we have established the Procurement Communication Conference and its subordinate organization, the CSR Procurement Conference, as cross-organizational


councils for the promotion of CSR-oriented procurement. With respect to green procurement, we have also established the Green Procurement Subcommittee and the Green Procurement Conference, where we hold concrete discussions and examine, implement and monitor the progress of policies on green procurement.

In addition to these, the Procurement Planning Section of the Procurement & Facilities Management Department, which acts as the secretariat for the Procurement Communication Conference, has participated in the Supply Chain Sub-Committee of the UN Global Compact  Japan Network since the year ended March 31, 2009. As well as striving to gain an understanding of the latest in CSR-oriented procurement activities in supply chains, the Procurement Planning Section also takes part in discussion on CSR-oriented procurement regarded as ideal by the participating companies.


Supply Chain

Promoting CSR-oriented procurement

CSR-oriented procurement activities in Japan

The Nikon Group established the Nikon Procurement Partners' CSR  Guidelines in 2007 for the purpose of tackling its social responsibility along the entire length of the supply chain. Between 2008 and 2009, we held briefings for our procurement partners in Japan, and we conducted our first CSR survey. Since 2010, we have conducted interview surveys designed to ascertain the CSR activities of our procurement partners, and we have promoted CSR in the supply chain in a step-by-step manner.

In the year ended March 31, 2012, we conducted our second CSR survey on 1,243 of our procurement partners in Japan (return rate: 86%). We also examined the idea of conducting on-site inspections to get a more reliable confirmation of the CSR activities of our procurement partners in the supply chain. At first, we were considering standardizing our existing guidelines and making them consistent with our Green Procurement Standards, before incorporating on-site inspections into our basic transaction agreements. Instead, though, we decided to go ahead with on-site inspections and to shelve the standardization and contractual inclusion ideas at this stage. In order to verify the CSR activities of our procurement partners in more detail, we also decided to expand our existing interviews and conduct on-site inspections using a check sheet that looks at more of the specifics of our procurement partners' activities.

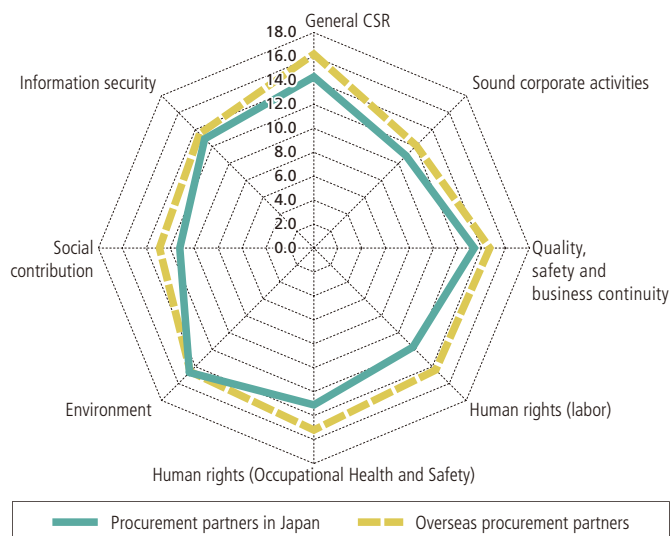
During the year ending March 31, 2013, before carrying out the on-site inspections, we will select which companies will conduct the inspections and we will develop an implementation system covering inspectors, schedules and so forth. At the same time, we will keep looking into including CSR requirements into the basic transaction agreement, and we will promote compliance  with the Nikon Procurement Partners' CSR Guidelines.

With regard to basic transaction agreements, we utilize a common format for Nikon Group companies in Japan, and we encourage them to ensure they sign the agreement with their procurement partners. In cooperation with the Legal Affairs Department, the Intellectual Property Department and each of the procurement departments, the content of the agreement is reviewed periodically and revisions made as needed, thereby ensuring appropriate transactions are carried out.

CSR-oriented procurement overseas

During the year ended March 31, 2012, we concentrated on the promotion of CSR in our overseas supply chain. Three overseas Group companies which are mainly manufacturing bases in Asia were given briefings for the purpose of permeating CSR-oriented procurement within each company. We also held briefings on the Nikon Procurement Partners' CSR Guidelines and conducted a CSR survey on 90 overseas procurement partners. Compared with our procurement partners in Japan, the results of the survey showed better trends in all areas except for the environment. Although this disparity was, in part, influenced by the relatively large survey sample in Japan, we found that overseas procurement partners also tended to rate themselves higher. With respect to human rights and other areas, there may have also been differences in definitions of certain terms. With these points in mind, we will continue to properly promote CSR.



Radar chart comparing the results of CSR surveys



A briefing given to procurement partners in Nanjing, China

Based on the results of the surveys and in consultation with the departments in charge of CSR at each overseas Group company, during the year ending March 31, 2013, we will identify issues, and examine and implement measures that lead to a greater promotion of CSR-oriented procurement overseas.

Promoting green procurement

The Nikon Group has established the Green Procurement Standards for procuring environmentally friendly parts and materials, and promotes them along the entire length of the supply chain. In recent years, compliance with regulations on chemical substances in products, such as the European RoHS Directive  and European REACH Regulation , has become a key issue, and we have worked to enhance our management system.

There are strong calls for the management of hazardous chemical substances (chemical substances in products) because of the concerns about them being released into the environment when the products are disposed of. Managing hazardous chemical substances contained in Nikon products is not easy because the products are manufactured from materials and parts that are procured and manufactured along a complex supply chain. Therefore, the cooperation of our procurement partners is essential. We aim to build a system at the

Nikon Group which manages chemical substances in products throughout the supply chain.

Revision of the Green Procurement Standards

Every year, we review the Green Procurement Standards, and examine whether any revisions are needed.

During the year ended March 31, 2012, at a meeting of relevant departments to examine revisions to the Green Procurement Standards, it was decided to revise the applicable scope, add six new substances to the prohibited chemical substances in manufacturing processes, and to add the lists of applications exempted from the RoHS Directive and SVHCs under the REACH Regulation to the annexes. The revisions came into force on April 1, 2012.

Establishment of environmental management systems throughout the supply chain

The Nikon Group has been requesting procurement partners since the year ended March 31, 2010 to establish and operate environmental management systems based on the Nikon Green Procurement Standards. Environmental management systems are comprised of a management system of environmental protection and a management system of chemical substances in products.

Past increases in awareness for global environmental conservation means that there is already a shared awareness for the need for systems for managing environmental protection. As such, many of our suppliers have already obtained certification, such as ISO 14001 and Eco-Action 21. On the other hand, as for systems for managing chemical substances in products, while suppliers might answer if questioned about chemical substances, the fact is that there are more cases of suppliers without any system for managing chemical substances, from purchasing and production control through to quality control. We will pursue further improvements by surveying and auditing our procurement partners' environmental management system, and by providing support for them to establish systems.

Survey and audit of environmental management systems

In addition to requesting the establishment and operation of environmental management systems, we have also been conducting surveys and audits on those systems since the year ended March 31, 2010. We conduct questionnaire-based surveys on all procurement partners and then carry out on-site audits. Partners, who we find to have outstanding management systems, are then certified as Nikon Environmental Partners.

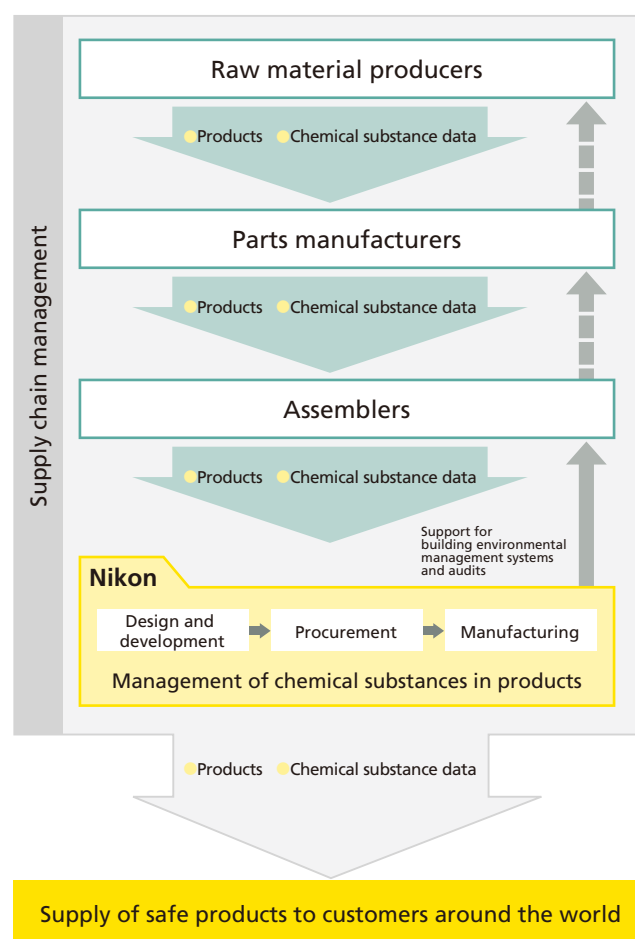
During the year ended March 31, 2012, we surveyed 798 procurement partners in Japan and 35 overseas procurement partners. We also audited 66 procurement partners in Japan and 11 overseas procurement partners. Furthermore, we also conducted mock audits and provided auditor training to three overseas Group companies. The audits determined that seven companies are properly operating environmental management systems, while 73 companies were asked to rectify their systems or operation of those systems. Five additional companies were certified as Nikon environment partners, bringing the total to 21. In the year ended March 2012, support for the development of management systems was provided to 12 additional procurement partners who either had no systems or whose systems were inadequate.

In the year ending March 31, 2013, we will work to promote green procurement by auditing 150 procurement partners in Japan and overseas.

System of environmental management system auditing

During the year ended March 31, 2012, in an effort to equalize the level of audits, we provided training for environmental management system auditors working at Group companies in Japan and overseas. We also endeavored to expand the audit system. Going forward, we plan to methodically advance the audit system, including environmental management system audits of the procurement partners of overseas Group companies.

Supply Chain Management of Chemical Substances in Products



External Evaluation

Nikon Corporation's response to comments made by Ms. Edahiro and Mr. Fujii in its previous CSR^{ESG} report

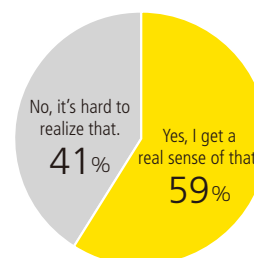
	Comments in CSR REPORT 2011	Nikon's response
Ms. Junko Edahiro	I suggest adding comments to each graph which convey the intentions of the company.	We have arranged text and any related graphs on the same part of the page, enabling readers to read about the company's activities and future plans while referring to the graphs. We have placed graphs next to the text to make the data related to the company's activities (intentions) easy to understand.
	Please clarify how Nikon perceives worldwide energy trends and its current energy-related situation. I would like Nikon to state its major vision for where it is headed with regard to such problems as global warming.	As described in the section "Reducing CO ₂ emissions" (→P38), considering the current tight power supply situation in Japan, we are constantly inspecting our energy usage and working toward even more energy conservation.
	I would like to see Nikon, take on the challenge of creating a CSR Report and implementing the CSR initiatives, as a globalized company, such as disclosure of the percentage of local nationals in the management teams of overseas corporations, or the percentage of foreign nationals in management positions at the Japanese Head Office, etc.	We recognize that enhancing workforce diversity ^{ESG} is a key management issue. Considering also the opinions garnered from the stakeholder dialogue ^{ESG} in March, 2012, to begin with, we will continue to enact initiatives that are focused on the advancement of women in the workplace. With respect to the directors and officers of Nikon Corporation, although numbers of females foreign nationals officers were described in the CSR Report, we will examine the percentage of local nationals in the management teams of overseas corporations as a future issue.
Mr. Toshihiko Fujii	Setting concrete objectives and disclosing information about present conditions, for the purpose of advancing activities as a Group	In setting annual targets for each priority issue, we have either expressed them in numbers or clarified specific standards of achievement. We believe that clearly indicating a policy from Head Office is also important for advancing group-wide activities, and we will commence our examination with diversity. Regarding disclosure of the results from the survey of Group companies, as with last year, we have only disclosed numerical data, such as the percentage of female employees, the percentage of female managers and the number of employee turnover.
	Presentation of a global vision for personnel policy	We began interviewing the persons responsible for human resources at the major Group companies around the world in the year ended March 31, 2012. We will continue our efforts aimed at promptly finalizing the vision and putting it into effect (→P49).
	Integration of biodiversity ^{ESG} issues into business operations	During the year ended March 31, 2012, we assessed the relationship of corporate activities to ecosystem services. During the year ending March 31, 2013, we will plan and implement measures and themes to be tackled based on the results of this assessment (→P31).
	Disclosure of information on the conditions for regular and irregular employment	We currently provide fixed-term workers and dispatch workers with necessary training as needed which covers the same content as for regular employees. Further disclosure will be a topic for future examination (→P53).
	Promotion of dialogue with stakeholders ^{ESG} , and particularly with NGOs and NPOs	During the year ended March 31, 2012, we held stakeholder dialogues with a number of external experts, taking up one of the priority issues from the Nikon Group's CSR Medium Term Plan: diversity. Going forward, in addition to selecting topics from among the issues surrounding our Group and discussing them with stakeholders, we will also actively consider promoting dialogue with NGOs and NPOs.
	Further involvement of people in everyday business operations	We held an In-house CSR Communication Meeting, attended by the persons in charge of planning from each business division. The aim of the meeting was to communicate the latest information and future approaches, and to increase awareness for this information within each business division as well as within their affiliated Group companies. The opportunity has also been used to share the proceedings of the CSR Committee as well as general trends in CSR. We will continue to regularly convene this meeting, aiming that such a platform can be used to raise awareness for CSR in a more familiar manner in the business divisions, leading to greater group-wide initiatives.

* Please see the CSR Report 2011 for a more detailed discussion of this view.




Results of the Nikon CSR REPORT 2011 Reader Survey (mainly respondents were Nikon Group employees including overseas employees)




Employee opinions	Measures taken in the Nikon CSR REPORT 2012
Using the ◎ and ○ symbols for categories on the CSR materiality map could be misinterpreted as degrees of importance because they are normally used in Japanese as marks of excellence.	On the materiality map, we have not used color-coding either in case the map is printed in black and white. We have stopped using symbols to avoid any misunderstandings related to the degree of importance. Instead, we added reference page numbers.
In the tables of targets and results, the expressions "Give support to" and "Thoroughly implement" are vague standards for assessment, and so I do not understand the reasons for assessing them as ○ or △.	We have endeavored to use clear standards of achievement and clear states of accomplishment to express targets and results, avoiding any expressions which lack specifics.

Do you acknowledge that activities are actually being carried out for the priority CSR issues?



GRI Content Index

The following table indicates the pages of this report that contain content relating to the required disclosure items in the GRI Sustainability Reporting Guidelines  version 3.1. The table also includes comparative data concerning the 10 principles of the UN Global Compact  and ISO 26000 .

GRI Guidelines		UN Global Compact principles	ISO 26000 core subjects	Corresponding page
Category	Indicator			
1. Strategy and Analysis				
1.1	Statement from the most senior decision-maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability  to the organization and its strategy.	—	6.2	3
1.2	Description of key impacts, risks, and opportunities.	—		3, 17, 19, 20
2. Organizational Profile				
2.1	Name of the organization.	—	—	1
2.2	Primary brands, products, and/or services.	—	—	1
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	—	6.2	1
2.4	Location of organization's headquarters.	—	—	1
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	—	—	1
2.6	Nature of ownership and legal form.	—	—	1
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	—	—	1
2.8	Scale of the reporting organization, including: Number of employees; net sales (for private sector organizations) or net revenues (for public sector organizations); total capitalization broken down in terms of debt and equity (for private sector organizations); and quantity of products or services provided.	—	—	1
2.9	Significant changes during the reporting period regarding size, structure, or ownership including: The location of, or changes in operations, including facility openings, closings, and expansions; and changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations).	—	—	2
2.10	Awards received in the reporting period.	—	—	21
3. Report Parameters				
Report Profile				
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	—	—	2
3.2	Date of most recent previous report (if any).	—	—	2
3.3	Reporting cycle (annual, biennial, etc.)	—	—	2
3.4	Contact point for questions regarding the report or its contents.	—	—	2
Report Scope and Boundary				
3.5	Process for defining report content, including: Determining materiality; prioritizing topics within the report; and identifying stakeholders  the organization expects to use the report.	—	—	15, 17, 21
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	—	—	2
3.7	State any specific limitations on the scope or boundary of the report.	—	—	2
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	—	—	2
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	—	—	2
GRI Content Index				
3.12	Table identifying the location of the Standard Disclosures in the report.	—	—	GRI Guidelines Comparison Table
3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also, explain the relationship between the reporting organization and the assurance provider(s)	—	—	66
4. Governance, Commitments, and Engagement				
Governance				
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	1-10		22
4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement).	1-10		22
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	1-10		—
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	1-10		22, 51
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	1-10		22
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	1-10		22
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	1-10	6.2	—
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	1-10		15, 16, 18, 27, 28
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance  with internationally agreed standards, codes of conduct, and principles.	1-10		18, 22, 29, 30
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	1-10		22
Commitments to External Initiatives				
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	7		24, 25, 27-44, 45, 46
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	1-10		15, 16, 26, 30, 32

* Categories for which there is no corresponding data are not included.

GRI Guidelines		UN Global Compact	ISO 26000	Corresponding page	
Category	Indicator	Compact	core subjects		
Stakeholder Engagement					
4.14	List of stakeholder groups engaged by the organization.	—	6.2	17, 21	
4.15	Basis for identification and selection of stakeholders	—		21	
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	—		21, 47, 48, 61	
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	—		19, 20, 47, 48, 61	
5. Management Approach and Performance Indicators					
Economic					
	Disclosure on Management Approach	1, 4, 6, 7	6.2, 6.8	1	
Economic Performance					
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	—	6.8, 6.8.3, 6.8.7, 6.8.9	4	
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	7	6.5.5	31	
EC3	Coverage of the organization's defined benefit plan obligations.	—	—	—	
Market Presence					
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	1	6.4.4, 6.8	—	
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	—	6.6.6, 6.8, 6.8.5, 6.8.7	—	
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	6	6.8, 6.8.5, 6.8.7	—	
Environmental					
	Disclosure on Management Approach	7, 8, 9	6.2, 6.8	15, 16, 27, 28, 29, 30, 32, 38	
Materials					
EN1	Materials used by weight or volume.	8	6.5, 6.5.4	29, 44	
EN2	Percentage of materials used that are recycled input materials.	8, 9		—	
Energy					
EN3	Direct energy consumption by primary energy source.	8		29, 39	
EN4	Indirect energy consumption by primary source.	8		29, 39	
EN5	Energy saved due to conservation and efficiency improvements.	8, 9		32, 38, 39, 40	
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	8, 9		32, 33, 35	
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	8, 9		28, 33, 38	
Water					
EN8	Total water withdrawal by source.	8		41, Web	
EN9	Water sources significantly affected by withdrawal of water.	8	—		
EN10	Percentage and total volume of water recycled and reused.	8, 9	41		
Biodiversity 					
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	8	6.5, 6.5.6	56	
EN13	Habitats protected or restored.	8		56	
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	8		28, 31, 32	
Emissions, Effluents, and Waste					
EN16	Total direct and indirect greenhouse gas	8	6.5, 6.5.5	29, 32, 37, 38, 39, 40	
EN17	Other relevant indirect greenhouse gas emissions by weight.	8		—	
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	7, 8, 9	32, 37, 38, 39, 40		
EN19	Emissions of ozone-depleting substances	8	—		
EN20	NOx,	8	6.5, 6.5.3	Web	
EN21	Total water discharge by quality and destination.	8		Web	
EN22	Total weight of waste by type and disposal method.	8		41, 42, 43	
EN23	Total number and volume of significant spills.	8		44	
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	8		6.5, 6.5.4, 6.5.6	—
Products and Services					
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	7, 8, 9	6.5, 6.5.4, 6.6.6, 6.7.5	32, 33, 34, 35, 36	
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	8, 9	6.5, 6.5.4, 6.7.5	36	
Transport					
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	8	6.5, 6.5.4, 6.6.6	37	
Overall					
EN30	Total environmental protection expenditures and investments by type.	7, 8, 9	6.5	31	
Labor Practices and Decent Work					
	Disclosure on Management Approach	1, 3, 6	6.2, 6.4, 6.3.10	15, 16, 19, 20, 52, 53, 54, 58, 59, 60	
Employment					
LA1	Total workforce by employment type, employment contract, and region.	—	6.4, 6.4.3	1, 52, 53, 54	
LA2	Total number and rate of employee turnover by age group, gender, and region.	6		54	
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	—	6.4, 6.4.3, 6.4.4	53	
Labor/Management Relations					
LA4	Percentage of employees covered by collective bargaining agreements.	1, 3	6.4, 6.4.3, 6.4.4, 6.4.5, 6.3.10	51	

* Categories for which there is no corresponding data are not included. * [Web](#) indicates categories concerning which data for individual business sites is available on the website.

GRI Guidelines		UN Global Compact principles	ISO 26000 core subjects	Corresponding page
Category	Indicator			
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	3	6.4, 6.4.3, 6.4.4, 6.4.5	51
Occupational Health and Safety				
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	1	6.4, 6.4.6	51
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	1		51
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	1	6.4, 6.4.6, 6.8, 6.8.3, 6.8.4, 6.8.8	51
LA9	Health and safety topics covered in formal agreements with trade unions.	1	6.4, 6.4.6	51
Training and Education				
LA10	Average hours of training per year per employee by employee category.	—	6.4, 6.4.7	50
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	—	6.4, 6.4.7, 6.8.5	54
LA12	Percentage of employees receiving regular performance and career development reviews.	—	6.4, 6.4.7	50
Diversity and Equal Opportunity				
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	1, 6	6.3.7, 6.3.10, 6.4, 6.4.3	54
LA14	Ratio of basic salary of men to women by employee category.	1, 6	6.3.7, 6.3.10, 6.4, 6.4.3, 6.4.4	53
Gender				
LA15	Return to work and retention rates after parental leave, by gender	—	—	53
Human Rights				
	Disclosure on Management Approach	1, 2, 3, 4, 5, 6	6.2, 6.3	15, 16, 19, 20, 52, 53, 54, 58, 59
Investment and Procurement Practices				
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	1, 2, 3, 4, 5, 6	6.3, 6.3.3, 6.3.5	60
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	1, 2, 3, 4, 5, 6	6.3, 6.3.5	18, 45, 46
Non-discrimination				
HR4	Total number of incidents of discrimination and actions taken.	1, 2, 6	6.3, 6.3.6, 6.3.7, 6.3.10, 6.4.3	—
Freedom of Association				
Child Labor				
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	1, 2, 5	6.3, 6.3.3, 6.3.4, 6.3.5, 6.3.7, 6.3.10	49, 50
Forced and Compulsory Labor				
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	1, 2, 4		49, 50
Human Rights				
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments	—	—	—
HR11	Number of grievances related to human rights filed, addressed, and resolved through formal grievance mechanisms	—	—	46
Society				
	Disclosure on Management Approach	10	6.2, 6.6, 6.8	—
Impact on communities				
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	—	6.3.9, 6.8, 6.8.5, 6.8.7, 6.6.7,	—
Corruption				
SO2	Percentage and total number of business units analyzed for risks related to corruption.	10		24, 46, 59
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	10	6.6, 6.6.3	46, 59
SO4	Actions taken in response to incidents of corruption.	10		46
Public Policy				
SO5	Public policy positions and participation in public policy development and lobbying.	1-10	6.6, 6.6.4, 6.8.3	—
Compliance				
SO9	Operations with significant potential or actual negative impacts on local communities	—	—	44
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities	—	—	44
Product Responsibility				
	Disclosure on Management Approach	1, 8	6.2, 6.6, 6.7	26
Customer Health and Safety				
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	1	6.3.9, 6.6.6, 6.7, 6.7.4, 6.7.5	26
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	1		26
Product and Service Labeling				
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	8	6.7, 6.7.3, 6.7.4, 6.7.5, 6.7.6, 6.7.9	—
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	—	6.7, 6.7.4, 6.7.5, 6.7.6, 6.7.8, 6.7.9	7, 8, 9, 10, 21
Marketing Communications				
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	—	6.7, 6.7.3, 6.7.6, 6.7.9	—

* Categories for which there is no corresponding data are not included.

Third-Party Comments



Consulting Fellow, Research Institute of Economy,
Trade & Industry, IAA
Visiting Professor, Graduate School of Economic
Science, Saitama University

Toshihiko Fujii

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.

KPMG AZSA Sustainability Co., Ltd.

Tokyo, Japan

August 31, 2012

Pictures on the front cover



1st Global Prize Winner
Painted by
Trisha Co Reyes
(Philippines, 13 years)



2nd Global Prize Winner
Painted by
Erina Hashimoto
(Japan, 14 years)



3rd Global Prize Winner
Painted by
Fiona Tung
(Canada, 11 years)

Prize-winning works in the 20th International Children's Painting Competition on the Environment (Theme: "Biodiversity": Life in the Forests")

Web Nikon co-sponsors the International Children's Painting Competition on the Environment

<http://www.nikon.com/about/csr/society/earth/icpc/>



Kurumin
We have obtained the Next-Generation Certification Mark (informally called "Kurumin"), which is given to companies that introduce measures based on the Act on Advancement of Measures to Support Raising Next-Generation Children.

Challenge 25 Campaign
Nikon Corporation participates in the Challenge 25 Campaign, which is a national campaign to prevent global warming.



FTSE4Good



Nikon Corporation is recognized by SRI rating agencies, and is included in the FTSE4Good Index Series, the Morningstar Socially Responsible Investment Index (MS-SRI) and the ECPI Ethical Index Global.



NIKON CORPORATION
Shin-Yurakucho Bldg., 12-1, Yurakucho 1-chome,
Chiyoda-ku, Tokyo 100-8331, Japan
www.nikon.com/