



Nikon CSR REPORT **2012**

Digest Version



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

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. The Group is working to support reconstruction as a believer in the power of 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 immediately after the earthquake. The students worked on taking photos on three themes: Signs of Rehabilitation, Scars of the Earthquake, and Smiling Faces. They then presented these photos at their school's cultural festival in autumn. Nikon Corporation also provided this same support to two other junior high schools, and plans to continue this activity and broaden eligibility to other junior high schools.



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

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.

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 project was planned to serve as a clue for reconstruction through the multiple exhibitions and dialogue provided by the eight special exhibitions and five symposia reflecting on the catastrophic earthquake.

Support for Other Photo-Related Activities

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 Pictown” photo sharing and storage service. In addition, Nikon Corporation, as a member company of the Camera & Imaging Products Association (CIPA), supports and contributes to the CIPA Photo Aid Fund, which was set up by CIPA and the Nippon Foundation.

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. Nikon Imaging Japan Inc. provided equipment and assisted the photographers who took the pictures.



Photo shoot in the “Portrait Photos of Family Members standing out for Recovery” Project
Photograph provided by: The All-Japan Association of Photographic Societies

Web Up-to-date information is published on the Nikon web site.

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

Activities within the Nikon Group

Dealing with the undersupply of power

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. In addition, the Group implemented thorough reductions in peak power usage and effective measures to cut peak electricity demand at all business facilities. The Group also performed operations on a rotating-basis. As a result, 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).

Enhancing the BCM[®] System

Many issues related to our BCP[®] became apparent due to the Great East Japan Earthquake. After going through the process of business recovery following the devastating earthquake, we performed a risk analysis based on the issues by making visits to locations, including those that were damaged by the earthquake. In addition, to prepare for an earthquake in the Tokyo region, we reviewed damage estimates and made revisions to our initial response plans and BCP. We also implemented training and drills for executives at each of our facilities and Group companies in Japan with the aim of entrenching the revised BCP within the company and improving crisis management abilities.



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/>

Highlights of CSR activities performed during the year ended March 31, 2012

In order to embody its corporate philosophy of “Trustworthiness and Creativity,” the Nikon Group listed “CSR-oriented management” as a priority issue in its medium term management plan. In addition to adopting a CSR medium term plan, the Group is promoting CSR activities in line with the plan.

Development of CSR Infrastructure

[PDF Version: pp. 13-26]

Promoting CSR in China and Hong Kong

Nikon Holdings Hong Kong Limited (NHH) was established in 2010 as the regional headquarters in the Asia-Oceania region. Its promotion of CSR begins with promoting activities of the Group companies in China and Hong Kong. During the year ended March 31, 2012, NHH conducted activities mainly among the Group companies in this region with two main objectives in mind: to support the building of a system for the promotion of CSR, and to implement compliance  education. As a fundamental step toward building such a system, NHH held the inaugural meeting of the Chinese CSR Committee in December 2011.




The Chinese CSR Committee

Expansion and Promotion of Environmental Management

[PDF Version: pp. 27-44]

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

In 2007, NNJC commenced full-scale environmental initiatives. As the company had little knowledge on the environment and the thermal insulation of existing buildings was not particularly good, it started by raising awareness regarding the importance of energy conservation and the environment. By implementing one improvement after another, in the year ended March 31, 2010, NNJC achieved its target 15% reduction in CO₂ emissions per unit of sales compared to the year ended March 31, 2006, and also was certified under the Nikon Group's integrated ISO 14001  during the year ended March 31, 2011. In June 2011, the company's solid efforts were recognized, and it received an Outstanding Environmental Contribution Award as part of the Nikon Environmental Commendation Program.




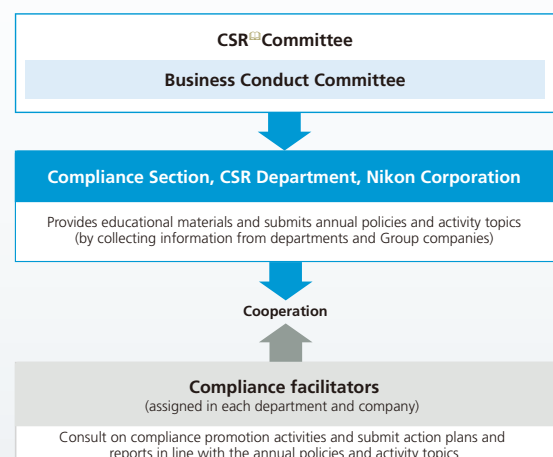
Energy-saving power strips distributed to all employees, along with labels urging employees to turn them off when going home or leaving the office

Implementation of Compliance Activities

[PDF Version: pp. 45-46]

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. The revised code places emphasis on a more international CSR perspective, and organizes individual categories, such as human rights, CSR-oriented procurement  and anti-corruption, more succinctly. 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. At Nikon Group companies in Japan, compliance facilitators conducted group educational events at most workplaces. At overseas Group companies, although there are some differences in the activities undertaken, they are continuing to inform their employees about the Code of Conduct.



Respect for human rights and work environments, and promoting diversity^{ESG} in workforce

[PDF Version: pp. 49-54]

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

With the impact of the Great East Japan Earthquake, the year ended March 31, 2012 was a year in which we revised the work-life balance.

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.

In response to the planned blackouts, 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.

Co-existence with Society and the Natural Environment (Social Contribution Activities)

[PDF Version: pp. 55-57]

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 and assistance for the fishing industry in Ishinomaki City, Miyagi Prefecture. We also sent volunteer employees to assist at a photography workshop held in Yamamoto Town, Miyagi Prefecture.



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

Promotion of CSR Activities in the Supply Chain^{ESG}

[PDF Version: pp. 58-60]

Addressing the issue of “conflict minerals”


The term “conflict minerals” refers to the minerals (tantalum, tin, tungsten, gold) mined in the Democratic Republic of the Congo and neighboring countries. These minerals give rise to problems such as violations of human rights and destruction of the environment. They also serve as a source of funds for armed insurgents. The Nikon Group has adopted a basic policy of doing all it can to avoid using 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 policies for the conflict minerals issue, 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 will endeavor 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.






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	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	* For targets and results related to the environment, please refer to the Environmental Action Plan on p. 32 of the PDF version.		—
Implementation of compliance activities	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	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	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 	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^④, and responding sincerely to stakeholder expectations.

Priority issue	Target
Development of a CSR infrastructure	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	* For targets related to the environment, please refer to the Environmental Action Plan on p. 32 of the PDF version.
Implementation of compliance ^④ activities	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 ^④ in workforce	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	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 ^④	To promote CSR-oriented procurement ^④ 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

For details of activities, please see pages of each priority issue of PDF version.

Impact of the Thai Floods and Nikon's Response [Detailed PDF Version: p. 4]

Impact of the Disaster and Regional Support

The great floods that swept through Thailand in October 2011, resulted in the first-floor levels of all buildings being inundated and operations were stopped at Nikon (Thailand) Co., Ltd. (NTC) which is located in ROJANA industrial park. The floods peaked at a depth of about 2 meters, causing damage, not only to the buildings, but also to manufacturing equipment. Fortunately, there were no human casualties. There was no property damage or human casualties at Nikon Sales (Thailand) Co., Ltd., which is located in Bangkok.

Nikon Corporation donated 12 million bahts for flood assistance (about 30 million yen) to the Royal Thai Government.

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, we began producing manufacturing equipment

and components at manufacturing bases in Japan. We commenced substitute production at subcontract factories in Thailand, and also utilized a special measure implemented by the Japanese government to allow around 300 NTC employees to come 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 pursued operations including the removal of 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. Going forward, in addition to proceeding with preparations for full-scale operation at NTC, we will consider our disaster mitigation measures, and work to further strengthen our production systems.

Contributing to Society through Business Activities

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

Supporting the information society with our manufacturing strength

Electronic devices have brought us closer to the information society, and two things that have been vital to this progress are semiconductors (ICs) and LCD panels. The Precision Equipment Company develops and manufactures the equipment essential for the manufacture of ICs and LCD panels. Our advanced technology and contributions to society were recognized in 2012 when the development of multi-lens array type exposure equipment as a part of our LCD business won the Prime Minister's Award in the Manufacturing and Production Process Category as part of the Fourth Monodzukuri Nippon Grand Award.



The awards ceremony was held at the Prime Minister's official residence. The Awards are commendations from the Prime Minister, and were established in August 2005 for the purpose of developing the "monodzukuri (the art of making goods)" of Japan and passing it on to future generations.

Imaging Company

Good products come from good production environments

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 Imaging (China) Co., Ltd. (NIC). 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.



Computer-aided compliance  education

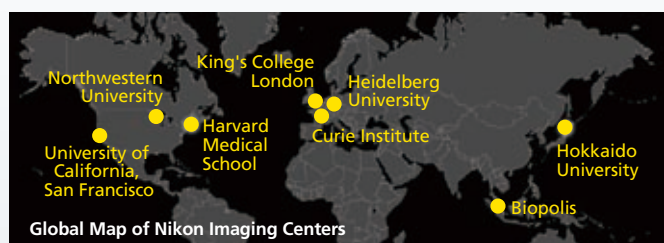


Employee volunteers participate in running the Wu Culture Festival

Instruments Company

Providing equipment to state-of-the-art research and education facilities

The range of applications for the products made by Nikon Instruments Company is very diverse, including everything from bioscience research fields to industrial sectors such as automotive parts. In the field of research, Nikon has established "Nikon Imaging Centers" on science campuses around the world in order to contribute to the advancement of bioscience. The Centers serve as a place for researchers to communicate, and create valuable opportunities for them to determine new applications and needs.

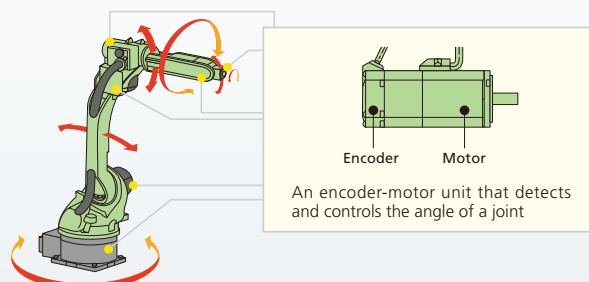


Global Map of Nikon Imaging Centers

Encoder Business

Moving toward a society where people and robots live in symbiosis

Japan is sometimes called the land of robots, and indeed robots are being increasingly put into practical use in a variety of areas. In our encoder business we provide a wide range of encoders (position sensors for controlling robots) that accurately detect the angles of the joints in robots. Encoders do so as a part of the pivoting sections controlling the movement of robots. We will support the evolution of robots by enhancing the performance and reliability of these encoders.



CSR activities at overseas group companies that have roots in local communities

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

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

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

Contributions to society

Employee participation in the Charitable Contributions Program (CCP)

NPI and NRCA have established a Charitable Contributions Program (CCP) in support of improving social welfare. Based on employee recommendations, the Charitable Contributions Committee, a group of employees who volunteer to oversee the CCP, contributes donation funds directly to select nonprofit organizations. 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. These fundraisers also help collect funds to support the development of neighboring communities and provide assistance for countries stricken by natural disasters. In addition, the program supports employees' involvement in volunteer activities in their local communities by matching the many charitable donations made by employees.



Employees taking part in an AHA charity walk

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

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

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

Web For details of Group companies:
<http://www.nikon.com/about/info/group/>

Major Businesses of the Nikon Group

- ▶ Precision Equipment Business (Precision Equipment Company)
- ▶ Imaging Products Business (Imaging Company)
- ▶ Instruments Business (Instruments Company, Nikon-Trimble Co., Ltd.)
- ▶ Customized Products Business (Customized Products Division)
- ▶ Glass Business (Glass Division)
- ▶ Encoder Business (Encoder Business Promotion Division)
- ▶ Ophthalmic Business (Nikon-Essilor Co., Ltd.)

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 have published a PDF version of Nikon CSR REPORT 2012 online and a printed digest of the report (this report).

Please also access our website, where we post a range of information in addition to the PDF version of the Nikon CSR REPORT 2012 and the information provided in this report.

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



— A glossary of terms used in the PDF version is included in the appendix.



— Related information is available on the Nikon website.



Contact information

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NIKON CORPORATION
Email: Csr.Info@nikon.co.jp

Picture on the front cover



Painted by
Trisha Co Reyes
(Philippines, 13 years old)

Above is the 1st Global Prize at 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/>

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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.



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

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