

# CSR-Oriented Management

## Nikon's CSR Initiatives

The Nikon Group seeks to contribute to the conservation of the global environment and the sustainable development of society. We pursue management emphasizing corporate social responsibility (CSR), centered on our CSR Committee, to strengthen the relationship of trust with stakeholders.

### CSR MEDIUM-TERM PLAN

The Nikon Group believes that CSR activities are what will allow it to realize its corporate philosophy of "Trustworthiness and Creativity" and management vision of "Meeting needs. Exceeding expectations." We continue to take on new challenges, conscious of responding to the trust placed in us by society and all stakeholders, ensuring that business is conducted with sincerity and sound practices, and creating value that exceeds expectations.

The medium-term management plan formulated in 2006 included "CSR-oriented management" as one of its priority measures, and we undertook a variety of measures intended to achieve this. The medium-term plan that began from fiscal 2009 (April 2008 through March 2009) also emphasizes measures to counter global warming and diversity in the workplace. We will continue to develop a compliance structure for the Group globally, seeking highly transparent, fair and good-faith management emphasizing CSR in order to be an "excellent company" in the truest sense.

### CSR MANAGEMENT STRUCTURE

The Nikon Group had previously conducted CSR activities through individual committees concerned with business conduct, the environment or social contributions. A CSR Committee, chaired by the president, was established in January 2006 for genuinely transparent management, coordinating the activities of various committees and making CSR activity more efficient, effective and timely. In July 2007, we established the Integrated Disaster Prevention and BCM (Business Continuity Management) Committee as the seventh subcommittee of the CSR Committee.



## Management

In line with the objective of the trust of society through highly transparent management with fair and sound business practices, the Nikon Group conducts a range of management initiatives with a strong sense of awareness as a corporate citizen.

### CORPORATE GOVERNANCE

With the business environment increasingly global, Nikon is strengthening its corporate governance and upgrading its internal control systems to increase the management efficiency and transparency that enhance the bonds of trust with stakeholders. Bodies established to support

corporate governance include the Board of Directors, the Executive Committee, and the Board of Corporate Auditors. Nikon has also adopted the in-house company system to provide for more decentralized management. We have established regulations stipulating the rights and responsibilities of management positions and within

organizations, and for Group companies provide guidance and administration according to prescribed standards for both domestic and overseas subsidiaries. These regulations and systems provide for more structured and efficient conduct of business operations.

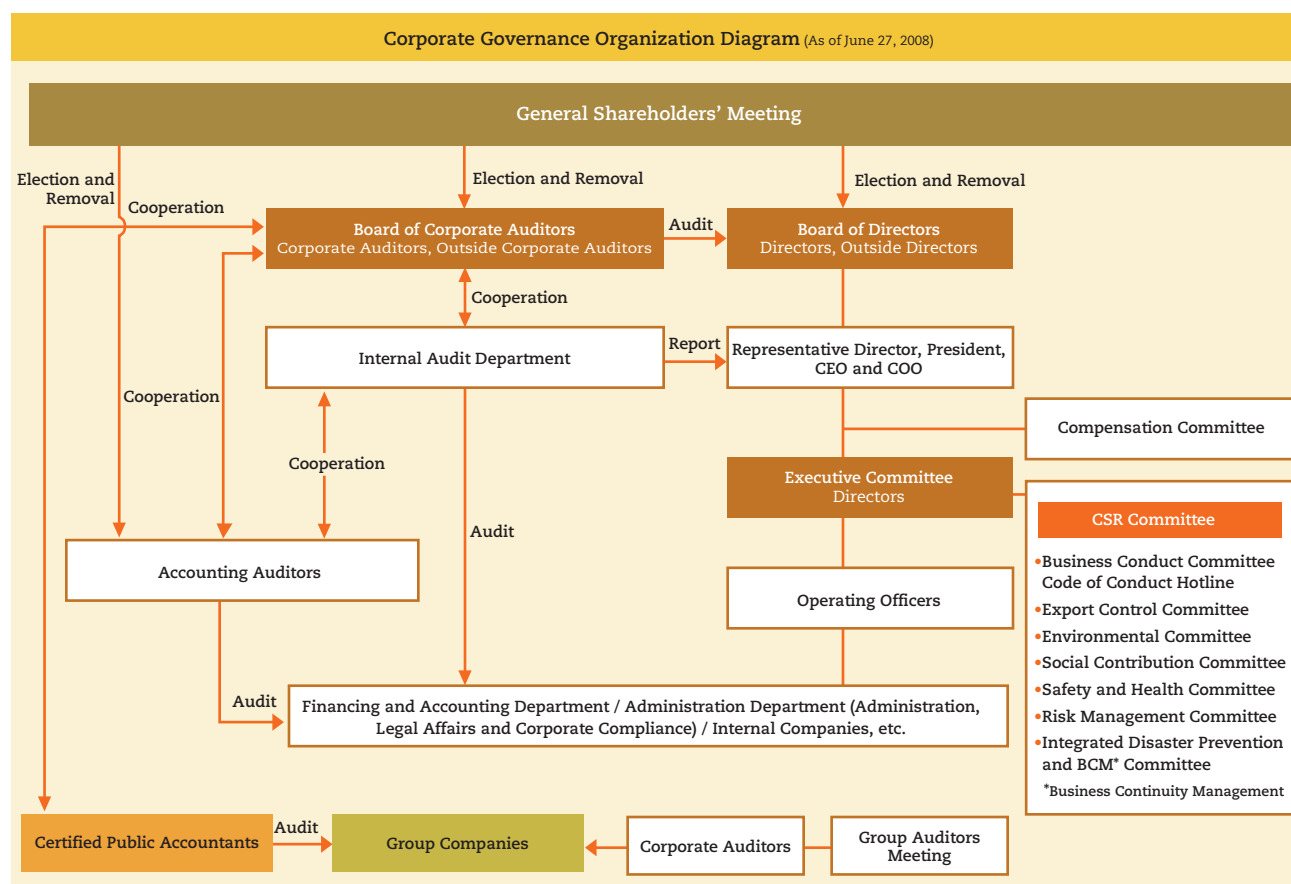
### INTERNAL CONTROL SYSTEM

In 2005, Nikon further overhauled the structure of the Executive Committee engaged in the deliberation, resolution, communication and reporting of business matters and recreated rules related to the delegation of authority in divisions in order to further enhance the Group's internal controls. An Internal Audit Department, under direct supervision of the president and independent of all operational divisions, was also established to conduct internal audits. During fiscal 2008, this department conducted internal audits within each Group company of the implementation and operational status of company-wide internal controls applicable to the Company Law and to Japan's Financial Instruments and Exchange (J-SOX) Act, as well as the impact on the corporate culture and organizational environment. A thorough review of network access

authority to be conducted within the Group was also begun from April 2007.

### BUSINESS CONDUCT (COMPLIANCE)

The Nikon Group undertakes a range of measures to create an environment in which every employee is able to act properly with full awareness of compliance. The Nikon Code of Conduct was created to provide a standard for such actions, and the Nikon Business Conduct Committee has been established to further its adoption and use. Under the guidance of this committee, a full-time Compliance Section conducts compliance-related activities in conjunction with a Code of Conduct Coordinator appointed for each division and domestic Group subsidiary. The principal activities of this office during fiscal 2008 included revisions to the Nikon Code of Conduct and activities to ensure that it is understood and followed, the unification of information through a new intranet site, and the conduct of a survey on compliance awareness among Nikon Group employees in Japan, and feedback of its results to them.



## **RISK MANAGEMENT**

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A Risk Management Committee has been established to provide comprehensive risk management, with the goal of sustainable development for the Nikon Group. The Risk Management Committee was established in April 2006 to provide a comprehensive assessment and response to the risks the Nikon Group is facing. It examines and evaluates risks within the Group, formulates strategies to counter risks that could have an impact on business performance, and conducts training to minimize the damage from such risks. It also regularly monitors risks, and establishes plan-do-check-act (PDCA) protocols.

Nikon has also strengthened its management of information resources with the establishment of an Information Security Subcommittee, which controls the use of computers and other equipment, provides long-term storage of e-mail, and engages in other activities. For the protection of personal information, Nikon has guidelines for the Group to ensure compliance with relevant laws and regulations, and a high standard for its management structure. We have also established an Integrated Disaster Prevention and BCM Committee in preparation for major earthquakes or other disasters.

## **ENVIRONMENTAL CONSERVATION**

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Nikon established the Nikon Basic Environmental Management Policy in 1992, and under the guidance of the Environmental Committee has pursued environmental conservation measures based on the principles of recycling and coexistence with nature. We consider the immediate issue of countering global warming to be an important management issue, and conscious of the Kyoto Protocol in October 2007 established a Global Warming Prevention Project Team led by the executive vice president. This team sets specific numerical targets for energy conservation, reductions in CO<sub>2</sub> emissions and other environmental indices, and implements these throughout the Group. Going forward, to improve the efficiency of its activities this team will formulate, establish and implement measures centered on the Precision Equipment, Imaging Products, Instruments, and Glass businesses.

The Environmental Committee evaluates results against the environmental targets set for each fiscal year, identifies any issues, and makes revisions. It is now formulating a new three-year plan for environmental action, the Nikon Environmental Action Plan, and setting Environmental Targets. Moreover, Nikon is enhancing environmental responsiveness at the purchasing stage

for raw materials and other commodities in cooperation with business partners. To promote environmental friendliness throughout the lifecycle of a product, Nikon utilizes the Nikon Product Assessment protocol during development and design in all product fields. This helps to encourage the reuse and recycling of used products, and lessen the environmental burden from packaging and in distribution.

## **SOCIAL CONTRIBUTIONS**

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Nikon's social contribution activities encompass a wide range of fields that extends beyond business-related areas. We place a high value on coexisting with local communities, conducting clean-up activities in the areas around our plants in Japan, and participating in various community events. In the imaging and technology fields in which the Nikon Group specializes, we make available technology and products, sponsor photo exhibitions, and conduct other activities that contribute to the rich development of society. During fiscal 2008, to commemorate the 90th anniversary of its founding Nikon launched the Nikon Scholarship Program to benefit children in Thailand, and took other proactive measures to support the international community.

## **RESPECT FOR HUMAN RIGHTS**

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Initiatives for the respect of human rights are important in the international community. In July 2007, Nikon joined the Global Compact project sponsored by the United Nations. This program, advocated by former UN Secretary General Kofi Annan in 1999 and launched in 2000, calls on participating corporations and organizations to provide support by voluntarily adopting 10 principles relating to human rights, labor standards, protection of the environment, and anti-corruption measures. The measures in the Global Compact are consistent with the CSR-oriented management policies of the Nikon Group, and we have enhanced our CSR awareness in the spirit of these 10 principles. In December 2007, Nikon formulated the Nikon Procurement Partners' CSR Guidelines, calling on its procurement partners to also assist in widening CSR management to include respect for individuals and other initiatives.