



# Nikon CSR REPORT 2011

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, 2011)

Net Sales: Consolidated; ¥887,512 million

Non-Consolidated; ¥677,661 million (for the year ended March 31, 2011)

Number of Employees: Consolidated; 24,409 (as of March 31, 2011)

\*Permanent, Non-Regular, and Group Company Employees

Non-Consolidated; 5,306 (as of March 31, 2011)

\*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)	14
European Group companies (12 countries)	29
Asian/Oceanian Group companies (8 countries)	16
North American Group companies (2 countries)	9

**Web** For details of Group companies:

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

## ■ 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)

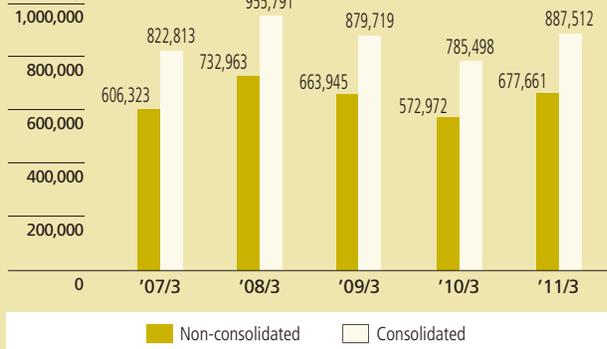
Absolute encoders / Digimicro digital micrometer system / Rotary encoders

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

Ophthalmic lenses / Hearing aids

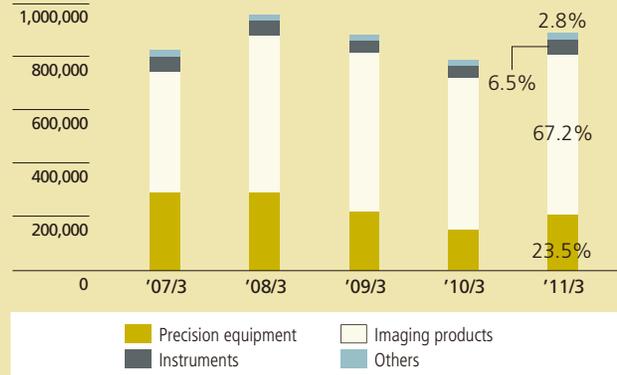
## Sales (Non-Consolidated, Consolidated)

(Millions of yen)



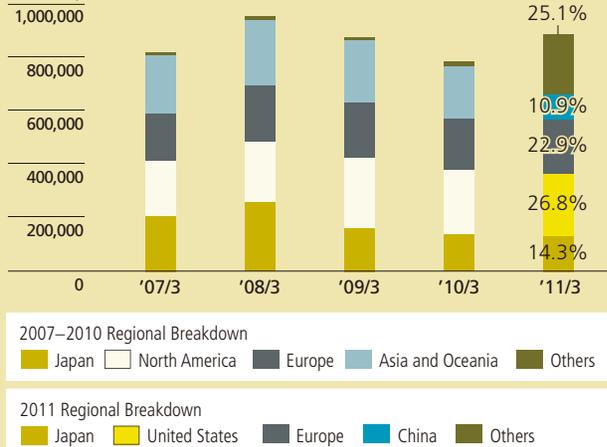
## Sales Breakdown by Business (Consolidated)

(Millions of yen)



## Sales Breakdown by Region (Consolidated)

(Millions of yen)



## Employee Numbers (Non-Consolidated, Consolidated)

(Employees)



\*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.

## ■ 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

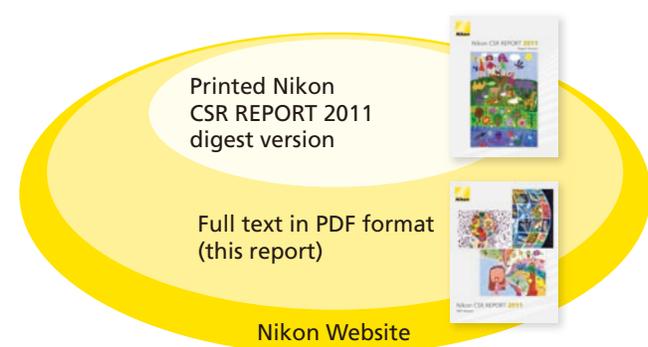
In order to report on the Nikon Group's CSR activities in the fiscal year ended March 31, 2011, we have published a PDF version of Nikon CSR REPORT 2011 (this report) online and a printed digest of the report.

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.



## ■ Term and scope of the report

This report focuses on the period from April 1, 2010 to March 31, 2011 (the year ended March 31, 2011), and also includes matters regarding major developments up until May 31, 2011. 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 companies" refers to Nikon Corporation and Group companies. In cases where a specific scope is defined, the related 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 GRI Sustainability Reporting Guidelines 3rd Edition, published by the GRI, the Environmental Reporting Guidelines (2007) of the Japanese Ministry of the Environment, and the International Organization for Standardization's ISO 26000:2010 - Guidance on Social Responsibility.

## ■ Next edition (plan)

September 2012 (previous edition appeared in September 2010)

## ■ 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](mailto: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](mailto:Eco.Report@nikon.co.jp)

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## Message from the Chairman and the President

# Reaffirming Our Purpose and Responsibilities, and Creating New Value for Society.

We would like to express our deepest sympathy and condolences to the victims of the Great East Japan Earthquake, and pray for a swift recovery for the devastated communities.

As the disaster unfolded, we received countless messages of encouragement and support from our stakeholders around the world, for which we are deeply grateful. The earthquake and tsunami had a huge impact on Sendai Nikon and other Nikon Group companies in the Tohoku and Kanto regions of Japan, but thanks to everyone's support and the steadfast efforts of all employees, all sites were able to quickly resume operations.

In terms of the nuclear crisis, this unprecedented disaster is still continuing and only time will tell what its effects will be. While it is true that we must continue to address material supply issues in our supply chain and the power supply problem, we have taken this opportunity to reaffirm our number one priority: providing a secure supply of quality, safe, and appealing products and services—no matter what the circumstances. We will continue our efforts to achieve this as one Group. We will also review our response to the disaster, and through revision of our BCP and other measures, we will enhance our risk management capabilities to deal with possible future crises.

At the Nikon Group we think of CSR as the very process of achieving our corporate philosophy: "Trustworthiness and Creativity." CSR-oriented management is one of the core policies of our corporate management. In 2007 we expressed support for the United Nations Global Compact and its ten principles on human rights, labor standards, the environment, and anti-corruption. These ten principles are practiced in the Nikon Group as an integral part of priority issues in our CSR activities, and in the

fiscal year ended March 31, 2011, we have reinforced the penetration of these principles into the employees, by means of e-learning or other tools.

On the business side, while the previous fiscal year was marked by sudden currency movements, sales grew, and as a result of our strengthening business functions and implementing process reforms within the Group, we were able to bounce back from the global economic downturn.

We have reorganized and combined certain priority issues in CSR for the year ending March 31, 2012. These issues are: development and implementation of a CSR infrastructure, expansion and promotion of environmental management, implementation of compliance activities, compliance with human rights and labor practices/enhancement of workforce diversity, co-existence with society and the natural environment, and promotion of CSR activities in the supply chain. For environmental management, we have been active in trying to conserve energy and resources since even before the recent disaster, but with Japan now facing a shortfall in power, we will amplify our efforts.

We have already begun sending aid and assistance to the disaster region and people affected by the disaster, and hereafter we will continue to make any and all contributions that we can with a view toward medium- to long-term restoration. We will also pursue on a global scale social contribution activities that make the most of the Nikon Group's unique strengths.

In the future, we will continue to deliver new value based on our corporate philosophy of "Trustworthiness and Creativity," and contribute to the sustainable growth of society.

June 2011

*Michio Kariya*

**Michio Kariya**

Representative Director,  
Chairman of the Board  
Nikon Corporation



*Makoto Kimura*

**Makoto Kimura**

Representative Director,  
President,  
Member of the Board  
Nikon Corporation



## Impact of the Great East Japan Earthquake and Nikon's Response

The following section is a review of events in the Nikon Group (as of May 10, 2011) that occurred in the wake of the Great East Japan Earthquake and ensuing tsunami and aftershocks that struck northeast Japan on March 11, 2011.

### Impact of the Disaster on the Nikon Group

While one plant and seven manufacturing companies located in Miyagi, Tochigi, and Ibaraki prefectures (see table below) sustained partial damage to their equipment and buildings, all sites resumed operations by mid-March. To our deepest regret, the deaths of four employees were confirmed.

#### Plants and Group Companies that Sustained Damage

Plant/Company	Location
Mito Plant, Nikon Corporation	Mito, Ibaraki Pref.
Sendai Nikon Corporation	Natori, Miyagi Pref.
Miyagi Nikon Precision Co., Ltd.	Zao-machi, Katta-gun, Miyagi Pref.
Zao Plant, Nikon-Trimble Co., Ltd. <sup>1</sup>	Zao-machi, Katta-gun, Miyagi Pref.
Tochigi Nikon Corporation	Otawara, Tochigi Pref.
Tochigi Nikon Precision Co., Ltd.	Otawara, Tochigi Pref.
Kurobane Nikon Co., Ltd.	Otawara, Tochigi Pref.
Nasu Nikon Co., Ltd. <sup>2</sup>	Nasukarasuyama, Tochigi Pref.

1. Nikon-Trimble Co., Ltd. is an equity method affiliate.

2. Nasu Nikon Co., Ltd. is a subsidiary of Nikon-Essilor Co., Ltd., which is an equity method affiliate.

### Post-Earthquake Response

Immediately after the earthquake, Nikon Corporation set up an Emergency Headquarters for Disaster Control headed by the President, and quickly set about confirming the safety of Nikon Group employees and their families and assessing the damage to buildings and equipment. Group companies in the greater Tokyo area shipped emergency stockpiles along with relief supplies donated by business partners to the disaster region, where they were distributed to Group companies and nearby residents affected by the disaster. A total of 50 tons of supplies including drinking water, food, and daily living necessities were sent to the region. Meanwhile, Nikon Corporation set up a Business Continuity Headquarters in each of its business divisions to focus on helping our customers rebuild and restoring company supply chains. In order to save electricity, we have adopted some irregular measures about our working style, such as working-at-home, rescheduling of Golden Week holidays (in May) for late summer which is the peak season of electricity consumption, etc.

### Relief and Reconstruction Efforts for the Disaster Region

Nikon Corporation donated 100 million yen to the Japanese Red Cross Society, while overseas Group companies and employees made their own donations to local Red Cross chapters and other aid groups to support post-disaster relief and reconstruction. To assist in keeping records of the damages and the reconstruction process, the Nikon Group donated 1,000 compact digital cameras and 200 pairs of binoculars to local governments and other institutions. It also donated hearing aid batteries and approximately 12,000 eyeglass lenses to eyewear retailers helping disaster victims.

### In the Future

Hereafter the Nikon Group will achieve a quick business recovery by pursuing Group targets with restoration as the highest priority. With regard to material supply issues in our supply chain, we will review and redevelop our procurement systems and bolster all the systems to maintain product and service supplies. Another serious challenge is power. We will do everything within our ability to address this issue, such as implementing intensive measures to save energy and revising work calendars and working hours. Learning from our experience of this disaster, we will also review our business continuity plan, conduct more thorough training, and enhance our risk management capabilities to prepare ourselves for disasters that exceed normal expectations.

Efforts by the Nikon Group to support the disaster victims will continue. The Group is already making contributions through partnerships with the Japan Society for Social Service in its photo restoration project, "Project to Restore Your Memories," and with the Visual Media Producers Association and its "Recovery Assistance Media Team," and we will maintain our efforts to help the disaster region and disaster victims in ways that take advantage of the unique strengths of the Nikon Group.

# A Company That Is: Meeting needs. Exceeding expectations.

What expectations do stakeholders have toward Nikon as it further vitalizes its overseas business and advance its CSR activities as group-wide efforts?

Toshihiko Fujii is well versed in the subject of corporate social responsibility as practiced in Europe and other parts of the world and has provided Nikon with his third-party opinion since the 2010 CSR Report. We invited Mr. Fujii to talk with Chairman Michio Kariya about Nikon's CSR. (Meeting date: March 7, 2011)

**Kariya:** Nikon's CSR embodies the very process of achieving our corporate philosophy, "Trustworthiness and Creativity." Nikon is a publicly traded company, so increasing our shareholder value comes first, but that doesn't mean we should only pursue profit. It's about devoting ourselves to the trust and expectations of our customers, and contributing to the sustainable development of society along with our own sustainable growth.

**Fujii:** So it's about simultaneously achieving corporate and social sustainability.

The definition of CSR in Europe begins with the question, What does global sustainability require? As profit organizations, companies have to somehow integrate this question into their own framework. For Nikon, the result of doing this is the type of CSR you have just described.

People think differently in different regions. America's CSR would not necessarily go over well in Europe, or vice versa. This challenge is always present. For instance, legal compliance recommendations that are not part of the CSR understanding in Europe is included in ISO 26000, and so it feels to me that the tendency to include all possible elements into a broader CSR might be a natural development.

**Kariya:** In the year ended March 31, 2010, sales in Japan accounted for only 18% of total sales (14% in 2011). Japanese

employees are also a small part, making up just 30%, while Asia and Oceania regions excluding Japan, accounts for over 50%. In addition, 29% of our shareholders are non-Japanese. So we also have to pay attention to various changing balances among regions around the world. In my experience, this is very challenging.

**Fujii:** This may be a little abstract, but Nikon's CSR strikes me as being "diligent." What I mean by this is that your policies are consistent, your initiatives are extremely

systematic, and your commitment toward global CSR is getting stronger. In particular, the fact that you've made human rights and labor a priority issue since last year, at least to me, represents your stronger focus on global issues.

**Kariya:** We've received inquiries from general customers on the issue of human rights, and from the perspective of CSR-oriented procurement, it's also something to which our corporate customers ask us to pay attention. This is an issue we have to act on right now. Nikon has participated in the United Nations Global Compact since 2007. Even before then, we never engaged in child labor. However, when we expand our scrutiny to suppliers, there is no evidence that allows us to rule out the possibility completely. So the idea is that we should be diligent on this issue as well.

**Fujii:** The notion that a company should take responsibility in its procurement for practically everything, going all the way back to the mineral resources used in its products, is in a way very new, and at the same time a very difficult undertaking.

There's a similar difficulty in environmental issues. You never know where in the world some new, really strict regulation will come in—these types of regulations that instead of taking one step forward, suddenly jump five steps ahead. Such was the case with the EU's RoHS Directive. In practice, dealing with this uncertainty is very difficult. At the same time, however, I think it's important to be constantly aware of whether you want to just meet the requirements, or go beyond the public's expectations embodied in the requirements.

**Kariya:** The necessity of some of the current regulations might not be perfectly backed up by scientific evidence. Despite that, we will work tremendously hard to keep from polluting the Earth and from passing a polluted Earth on to future generations, even if our actions are called for purely as perceptual measures or exceed what the law requires. This is how Nikon sees it.

**Fujii:** Do whatever you can for the protection of environment, even when the scientific causality is not 100% proven? That involves a value judgment, doesn't it? I think that CSR philosophy is what supports this value judgment.

Changing the subject, what about when it comes to employment? You mentioned earlier that about 70% of your employees are non-Japanese.



**Toshihiko Fujii**

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



**Kariya:** Presently, the largest national representation in the Nikon Group workforce is Thai, and we have workers of many other nationalities as well. Our work with human resources isn't so simple that it cannot be lumped together under the one word of "global." We are going to, as far as we can, localize thoughts that were done based on Japanese standards as we move forward. Some things we have yet to work on, but there are issues such as diversity where overseas companies are ahead of us. For example, there is more female management in countries like the U.S. and Thailand than here in Japan.

**Fujii:** You offer scholarship programs for students in Thailand. Is the goal to develop human resources locally?

**Kariya:** More than 20 years have passed since our plant in Thailand was built. We had difficult periods but we were helped tremendously by preferential tax treatment. So these programs actually are a very Japanese way of returning the favor ("ongaeshi" in Japanese). When university and graduate students come to Japan on the scholarship, and I've been telling them, "You know, you don't have to work for Nikon." We want these programs to be helpful to Thailand—that's the purpose. As a contribution to society, we are directing efforts into the advancement of photography as a culture. At the same time we also value local contributions made by our local subsidiaries. When I talked with local executives about our vision for the scholarship program in Thailand, they told me, "You've made working for Nikon worthwhile for us." I was moved by their words. Contributing to the community is a pride for employees, and also leads to loyalty to Nikon. I think it's very important.

**Fujii:** The most important stakeholder might just be the employee. CSR provides employees with clear, common values about what's important. In the long term, I think that generates vitality for the company.

CSR in Europe places a certain emphasis on business processes. Europe's definition and Nikon's philosophy are in no way far apart. It is people who make products and provide services, and if these people, in other words, employees, aren't satisfied, then I don't think they can create products or services that will benefit society. When you contemplate what it means to contribute to society, you will find it's not only the end products that are important, but also the processes of their creation.

**Kariya:** It's true. Contributing to society as a result of offering our products and services is what I want Nikon's basic aspiration to be. Meanwhile, on the process of such an activity, we also place major emphasis when considering CSR.

**Fujii:** There are two sorts of expectations for Nikon. One is "expectation from the market." Researchers toil day and night and different departments work together to come up with a product or service that exceeds this expectation, like the desire for a brighter image. When market values this outcome of Nikon, the company will grow. Meanwhile, there are also the public's expectations from the viewpoint of CSR, but these expectations are much harder to pinpoint. For example, no one expected ten years ago that CSR problems in the Chinese supply chain would be as important an issue as they are today. So the greatest expectation I have for Nikon is that it will discern society's expectations and also respond to as well as exceed those expectations.

Also—and this applies to all of Japan—it is extremely important that companies incorporate their CSR initiatives into the development of their business and use them as a new source of inspiration.

**Kariya:** We at Nikon will continue to stand on a foundation of "trustworthiness and creativity" and keep on "Meeting needs. Exceeding expectations." as part of our core business. In doing so, we will place the greatest importance on CSR and do all we can to advance the sustainable development of society.

Mr. Fujii, thank you for your time today.



**Michio Kariya**

Representative Director,  
Chairman of the Board  
Nikon Corporation

# Business Activities and CSR in the Nikon Group

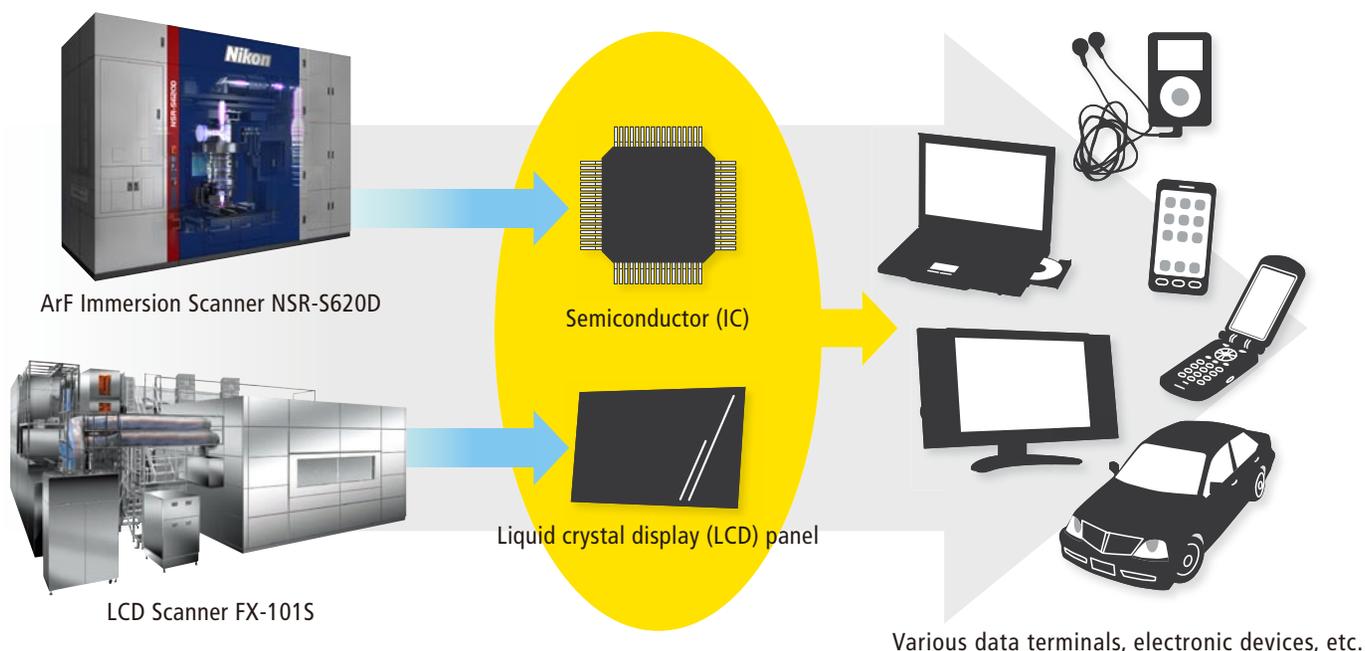
One of the basic commitments of the Nikon Group is its determination to contribute to the substantial development of society through its business activities.

Based on this idea, each business division undertakes a variety of initiatives to meet customer expectations.

## Precision Equipment Company

### ► Supporting Information Society Infrastructure

The Nikon Precision Equipment Company contributes to the progress of the information society through IC/LCD steppers and scanners.



### Information society and exposure systems

Electronic devices have made great progress in the short term. Together with communication technologies, these devices have made our society more information-oriented and enabled us to lead more convenient and comfortable lives, store information more speedily and accurately, and send clearer and more beautiful images. In recent years the energy efficiency of electronic devices has been substantially improved, making it possible to read newspapers and books electronically without wasting important resources.

Semiconductors (ICs) and LCD panels are indispensable components for electronic devices. The Precision Equipment Company develops and manufactures the equipment essential for the manufacture of ICs and LCD panels, thereby contributing greatly to the development of the information society.

### Roles of IC/LCD steppers and scanners

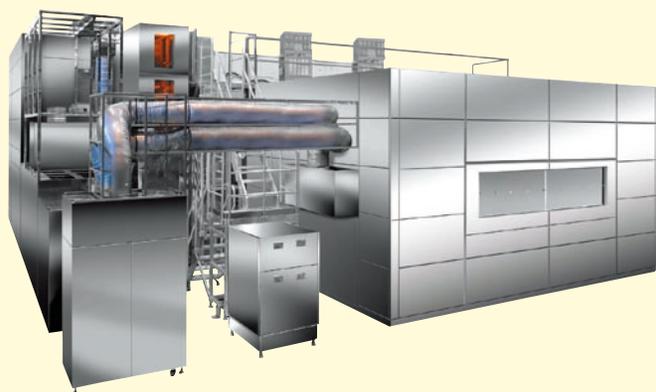
IC/LCD steppers and scanners are used to print semiconductor (IC) circuits and LCD panel circuits precisely onto silicon wafers and glass plates using projection exposure technology. The Precision Equipment Company develops and manufactures state-of-the-art equipment in response to the miniaturization of ICs and also to the upsizing of LCD panels and the miniaturization of the circuits for these panels. The miniaturization of ICs is helping to improve energy efficiency, downsize products, and reduces the use of resources.

Leading-edge Nikon IC steppers and scanners enable the formation of a circuit in units of nanometers (1/1,000,000,000 meter). LCD panels are much more energy-efficient than cathode-ray tube displays, and they can be made even more energy-efficient with the formation of smaller circuits. Nikon LCD steppers and scanners are also used to manufacture organic ELs and other displays that are basically more energy-efficient than LCD panels.

Product-related Activities (for Customer Satisfaction and the Environment)

Development that responds to environmental needs and customer expectations

LCD Scanner FX-101S



The FX-101S is a super-large exposure system for tenth-generation glass plates measuring an impressive three meters.

Past exposure systems were upsized in line with upsizing of the glass plates. Nonetheless, in developing a system for the tenth-generation glass plates, we realized that if we continued upsizing the equipment as in the past, the size would exceed 1.6 times that of the previous product, which would also lead to an increase in weight. We therefore began development of a product that was as compact and light as possible.

As a result, we were able to develop the FX-101S, which requires an installation area that is almost the same size as that for the machine for eighth-generation glass plates (FX-85S), and because we made it as compact as possible, we were also able to substantially reduce the use of materials.

The FX-101S has a productivity that is at least 50% higher than that of the previous model. In addition to its high performance achieved through Nikon optical technologies, it displays the world's highest productivity in the mass production of 32 to 70-inch LCD panels. It can also be used efficiently for the mass production of LCD panels larger than 100 inches.

We will continue to develop products that meet both customers' needs and environmental requirements capitalizing on our long-accumulated technologies.

Environmentally friendly features

**Energy efficiency**

Larger in size but parallel in energy efficiency with the FX-85S for eighth-generation plates (calculated based on Nikon Corporation's own criteria for the area that can be exposed per unit of power)

**Lead-free solder**

Used on 100% of new circuit boards

**Ozone layer protection**

Use of new HFC refrigerant with zero ozone depletion potential (ODP) for temperature control and air-conditioning chillers

**Reduction in the use of polyvinyl chloride (PVC)**

Reduced use of PVC cables



Tomoyuki Watanabe

Second Development Section  
First Development Department  
LCD Equipment Division  
Precision Equipment Company  
Nikon Corporation

ArF Immersion Scanner NSR-S620D



The ArF immersion scanner is equipped with a platform that provides both high precision and high throughput, and enables double patterning by forming fine circuits through double exposure.

Environmentally friendly features

**Energy efficiency**

Reduced consumption of electricity (energy) 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

**Use of Eco-glass**

Complete use of Eco-glass for optical systems

**Ozone layer protection**

Use of new HFC refrigerant with zero ozone depletion potential (ODP) for temperature control and air conditioners

## Imaging Company

### ► Contribute to the Development of Visual Culture

Nikon's Imaging Company not only supplies cameras and lenses, it also offers a diverse range of imaging-related services including image storage and sharing. These business activities create and contribute to the development of visual culture.

#### Enhanced customer support

Maximizing customer satisfaction is always a priority at Nikon's Imaging Company. We make various efforts to provide quality service by maintaining relationships with customers through Nikon products and our advertisements and services, and by listening directly to what customers say at our Customer Service Section we always try to determine what they need.

To help customers around the world feel closer to our products, we have increased the number of service facilities and direct touchpoints (customer service contacts).

In order to improve our level of service, managers from around the world who are in charge of service come together at the semiannual "Meeting of service managers (from four bases)," where they confirm global targets and performance progress, exchange new information, share best practices, and work to solve problems.

As a result of these efforts, Nikkei Business magazine ranked Nikon first in the 2010 After-sale Service Satisfaction Ranking, the seventh time Nikon has held such a rank in the last 11 years.

#### Evolving communication

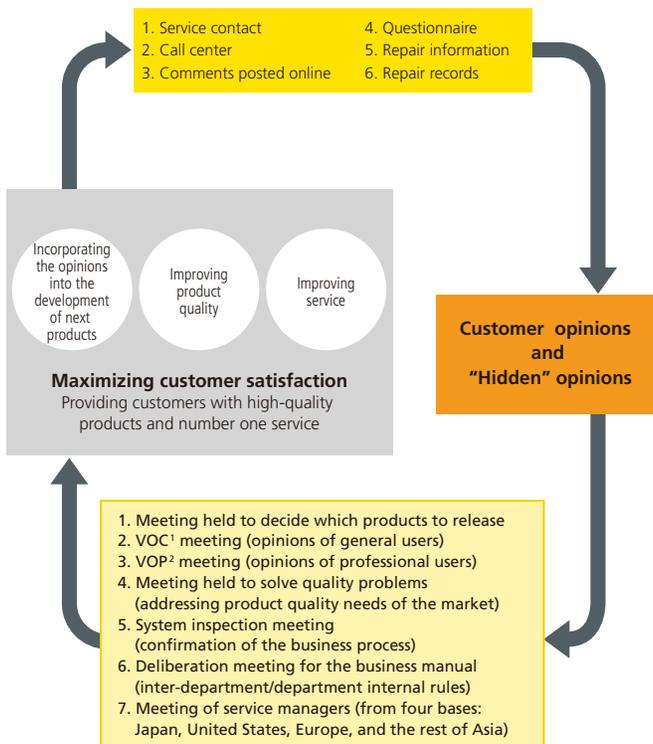
In addition to the standard user manuals, we have introduced new ways to help customers learn quickly and efficiently how to use our products and take advantage of all the functions they offer.

In the Guide Mode included in our D3000 and D3100 digital SLR cameras, users select how they want their photo to look by answering a number of questions on a range of environmental conditions, allowing the camera to automatically select the best settings. Guide Mode thus dramatically reduces the complexity of choosing camera settings. In recognition of this new feature, the D3000 was awarded an Honorable Mention by the Final Screening Committee at the 2010 Japan Manual Awards, while the D3100 received an iF Communication Design Award from iF International Forum Design GmbH, an industrial design association in Hanover, Germany.

Digitutor, another new service, is a "watch and learn" manual that Nikon SLR camera users can download from the Nikon website. With clear video clips and step-by-step instructions, Digitutor teaches everything from basic camera use to advanced functions.

Two additional services, "my Picturetown" and Nikon OnlineGallery, promote photo-rich lifestyles by allowing users to store their digital photos and share them with family and friends, and to post their photos online with an easy-to-use format.

#### Cycle to incorporate customer opinions



1 VOC: Voice of the Customer  
2 VOP: Voice of Professional Photographers



The D3000 control panel, designed for easy use

Service-related Activities (for Customer Satisfaction)

Offering the best service for all customers

Nikon Plaza Shinjuku



Top: Touchscreen for searching product information  
Left: Nikon Plaza Shinjuku after the renovation

Nikon Plaza Shinjuku is a showroom and service center that offers a range of services commonly used by Nikon customers, including descriptions of Nikon products, repair services, photography classes, and a photography gallery. In fall 2010, the facility underwent an eco-friendly renovation. Ample use of LED lighting resulted in a more than 40% reduction in electricity consumption, and the new indoor lighting can be adjusted to emit cooler- or warmer-colored light. The Plaza's large mobile showcase is fitted with Internet-connected touchscreens that allow guests to review information on the latest products at their leisure, and provide the opportunity to actually handle products.

The Service Center inside Nikon Plaza Shinjuku serves some 600 visitors a day. We receive various questions, requests, and sometimes strict criticism when meeting and talking with customers, but we regard everything our customers say as an opportunity to improve our services, and so we take the necessary time to understand what our customers want and consider the ways in which we can better serve them in the future. We will continue to lend an attentive ear to our customers to enable Nikon products to enhance enjoyment of their lives, and to develop a sense of security and loyalty by using Nikon products.

Nikon Plaza Shinjuku operates with the primary goal of providing visitors with a pleasant experience. I hope everyone will stop by sometime.



Eiichi Chiba

Shinjuku Service Center  
Nikon Imaging Japan

The COOLPIX S3000 Series

Eco Friendly Product



Released	Model	CCD effective pixels	Lens	Battery life*
2009	COOLPIX S220	10M pixel	3X optical zoom	Approx. 180 photos
2010	COOLPIX S3000	12M pixel	4X optical zoom	Approx. 220 photos
2011	COOLPIX S3100	14M pixel	5X optical zoom	Approx. 220 photos

\*Defined by CIPA standard battery life measurement methods.

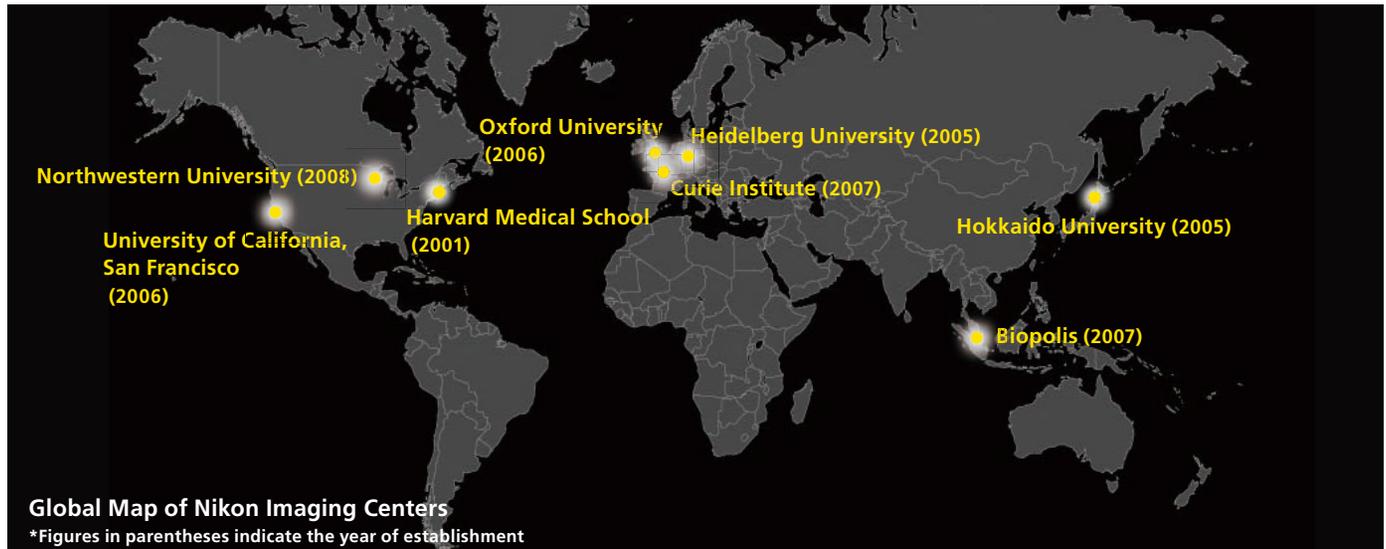
We have achieved a number of new improvements with the COOLPIX S-Series, a brand valued for its slim and stylish yet functional design. The new S-Series features higher resolution, higher-powered optical zoom, faster speed, and increased sensitivity—all inside a slimmer body. Such improved functionality like this also requires an efficient power system and sequence design. The newest model, the COOLPIX S3100, realizes at least the same length of battery life as previous models while achieving better resolution and zoom.

Previously, a charger and cable for charging the lithium-ion rechargeable battery came in a camera display box. Now with the adoption of a USB charging system, the S3000 and S3100 models have an internal battery that can be charged using a USB cable and an AC adapter plug. This also reduces the size of the packaged equipment and amount of PVC used. We also worked to make the shipping box smaller, achieving a 25% reduction in volume for the newest model, the COOLPIX S3100, compared to the S3000.

## Instruments Company

### ► Spurring Innovation in Science

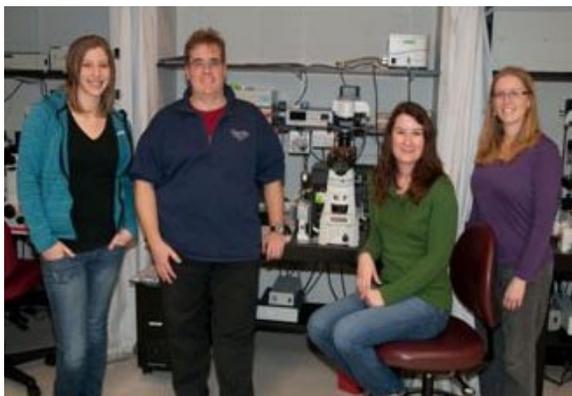
The Nikon Instruments Company develops microscopes, measuring instruments, and semiconductor inspection equipment that meet the most advanced needs of our customers, thereby contributing to the development of bioscience and industrial fields.



### 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



Nikon Imaging Center at Harvard Medical School

in the grand success and achievements of the researchers who use them.

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.

### The mutual benefits of partnership

Many researchers and future research leaders at Nikon Imaging Centers have a great fondness and appreciation for Nikon’s 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 160 research papers.

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.

Improving Physical Distribution (for the Environment)

Finding ways to cut carbon emissions in transportation

Modal shift

The Nikon Instruments Company has been simplifying packaging, using greener packaging materials, and reusing packaging to reduce the environmental impact of its distribution operations. With environmental awareness growing across the company, we began working to cut CO<sub>2</sub> emissions in transportation by launching a modal shift initiative in the fiscal year ended March 31, 2009. A modal shift is the act of switching to rail, coastal shipping, or other high-volume modes of transportation that release fewer carbon emissions and are more energy-efficient. Railway transport in particular is said to have the smallest environmental impact. The Instruments Company most often uses trucks (consolidated cargo) to ship its products to domestic customers. In the past we also used chartered trucks for bulk shipments of microscopes and measurement instruments, however, we have shifted a portion of these shipments to railway transport using JR freight containers.

Since reserving a container requires more time than it does for a truck, containers require extra leeway in terms of deadlines. They also have to satisfy certain requirements such as shipment volume and delivery area. And sometimes, even when all requirements are satisfied, individual customer needs preclude us from using them. Thus there are numerous obstacles to implementing a modal shift program, but as our sales team has become more understanding since the launch and as we receive better advance information allowing us to implement a modal shift, our ability to do so has expanded. Consequently, in the year ended March 31, 2011, we achieved 16 out of 18 targets, eliminating some 9,564 kilometers in combined transport distance and about 1.6 tons of CO<sub>2</sub>.

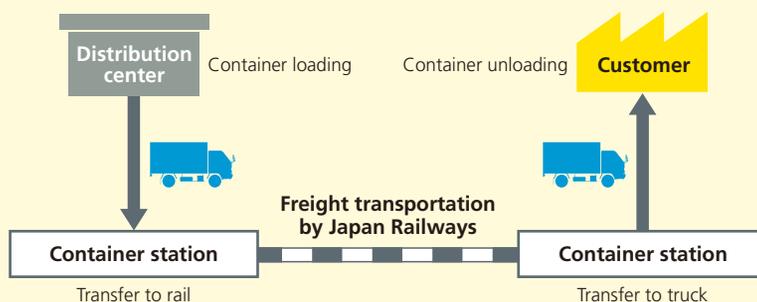
In addition, we also regularly use marine transport when importing microscopes produced in China. As shipping from China to our warehouse takes around two weeks, we previously used air transport for rush shipments, but since the fiscal year ended March 31, 2010, we have been able to cut CO<sub>2</sub> emissions while maintaining shipping speed by practicing an additional method where we use high-speed marine transport and rail in Japan.

We hope to further increase our use of environmentally friendly transportation and by doing so, contribute to a smaller carbon footprint in distribution.



Noriaki Nakamoto

Manager  
Logistics Operation Section  
Business Management Department  
Instruments Company  
Nikon Corporation



Eco Friendly Product

Non-contact multi-sensor 3D metrology system - HN-6060 (released in December 2010)



Environmentally friendly features

**Hexavalent chromium free**

Uses no hexavalent chromium

**Use of Eco-glass** <sup>(1)</sup>

100% use of Eco-glass

HN-6060 is a 3D metrology instrument capable of capturing high-density, high-precision measurement data at high speeds and without contact. Its 120,000 points-per-second data-capturing ability allows for faster, higher-density measurement than conventional contact-type 3D metrology systems. Efficiency is further improved with all-in-one measurement of complex 3D forms, which usually require multiple devices to measure surface shape, roughness, and other properties.

By offering new visualization of waviness and other previously unmeasurable data, the HN-6060 can help increase product performance (e.g., better vehicle fuel efficiency) and efficiency in manufacturing processes.

## Customized Products Division

### ► Fulfilling the Advanced Needs of Specialized Fields

Nikon's Customized Products Division works in collaboration with other divisions in consideration of performance through to design and production according to intended usage. As well as fulfilling the needs of customers by maximizing the use of Nikon's core technologies, this division also contributes to technological progress.

#### Initiatives in Research and Development (Quality/Customer Satisfaction)

#### Using cutting-edge technologies to make dreams of space come true

##### AVNIR-2 / large infrared telescopes installed on AKARI



- 1) Advanced Land Observing Satellite "DAICHI" (ALOS)
  - 2) Infrared Imaging Satellite "AKARI" (ASTRO-F)
  - 3) Eruption of a mountain in the Kirishima volcanic range photographed by ALOS
  - 4) "Catalogues of Infrared Astronomical Bodies" with astronomical observation information gathered by ASTRO-F
- Photos provided by the Japan Aerospace Exploration Agency (JAXA)

Space optical products include optical systems installed on man-made satellites as well as machinery and tools for astronomical observation used on the Earth's surface. Reflecting telescopes used in space are a representative type of optic systems for man-made satellites. There are several different types of reflecting telescopes, including those for viewing the surface of the Earth and moon and others for observing the distant cosmos known as "deep space." In addition, there are also observational instruments and telescopes that are installed above ground for observing astronomical bodies.

The Advanced Land Observing Satellite "DAICHI" (ALOS) was launched in January 2006 and completed its operations in May 2011. ALOS was equipped with Nikon's Advanced Visible and Near Infrared Radiometer type 2 (AVNIR-2), and the results of its observations are used for a range of purposes including map creation, earth observation, understanding disasters, and resource exploration. Observational images of affected areas were provided after the Great East Japan Earthquake to contribute to the government's activities to gather information. ALOS also took images of an erupting mountain (Shinmoedake) in the Kirishima volcanic range for emergency observation.

The Infrared Imaging Satellite "AKARI" (ASTRO-F), launched in February 2006, is also equipped with reflective optics in the form of a large 67-centimeter aperture infrared telescope. ASTRO-F is Japan's first genuine infrared astronomical satellite and is used to study mysteries such as the birth, evolution, and death of stars and galaxies. The "Catalogues of Infrared Astronomical Bodies" was created from the results of ASTRO-F's observations in 2010 and made public to the entire world.

We hope to contribute to making observations that are useful for disaster-prevention measures and environmental protection on a global level, as well as to investigations of other planets in our solar system and research related to the origins of the universe. For this reason we are working each day to improve the reliability of our technologies.



**Tatsuhiko Ezaki**

2nd Development Section  
Development Department  
Customized Products Division  
Nikon Corporation

## Group Company (Nikon Vision Co., Ltd.)

## ► Providing Society with Points of Contact Between Nature and People

Through the development, manufacture, and sales of products such as binoculars, fieldscopes, and portable stereoscopic microscopes, Nikon Vision provides opportunities for people to observe and study nature in a carefree fashion. Nikon Vision also contributes to the development of research in environmental fields.

## Product-related Activities (for Social Contribution and the Environment)

## Contributing to environmental education for future generations with environmentally-considerate products

## Nikon Fieldmicroscope series



Fieldmicroscope



Children observing insects at an event



Okinawan white-striped chafer seen with the Fieldmicroscope

## Environmentally friendly features

## Use of bioplastic

Use of bioplastic in five body components

## Easy recycling

The materials used are indicated for all applicable resin parts (resin parts weighing 25 grams or more) (ISO 11469)

## Reduction of hazardous substances

All parts are compliant with the Nikon Green Procurement<sup>□</sup> Standards and the European RoHS Directive<sup>□</sup>

Use of Eco-glass<sup>□</sup>

100% use of Eco-glass

Since the Fieldmicroscopes series went on sale in 2001, it has become much loved by all generations. Its most striking feature is that it allows you to observe even the most detailed parts of outdoor insects and plants with both eyes and in three dimensions. Furthermore, some models allow you to attach a compact digital camera or digital SLR camera, making it possible to photograph the images you are observing.

Among this series, the simple models (the Fieldmicroscope and Fieldmicroscope Mini) are used as teaching materials for science education in many elementary and junior high schools, since they provide opportunities for children and students to easily observe the “micro world” of nature during outdoor classes. In addition, we provide the Fieldmicroscope series to various events such as the environmental events participated in by the Nikon Group in order to support opportunities for children to learn the terminology related to biodiversity. <sup>□</sup>

From 2009, the EZ-Micro, which allow the user to take photographic images, were added to the series. With this product lineup, we intend to continue contributing to surveying and recording in the fields of nature and the environment, which are drawing ever greater attention.

A range of eco-friendly materials are used for the EZ-Micro, such as bioplastic, Eco-glass, and lead-free solder.

We also implement Hazardous Substance Management to check whether hazardous substances are included in the various materials used in our products. The difficult part of Hazardous Substance Management is that we cannot tell if hazardous substances are included just by viewing or touching a product. In order to perform these checks, we make evaluations after performing X-ray fluorescence analysis, simplified chemical reaction examination, precise analysis, documentary examination, and other procedures.

Technological innovations bring increased opportunities to use new parts and raw materials. Each time we do so, we must perform an evaluation. Another important task is confirming whether our management system for hazardous substances is functioning correctly during the manufacturing process. We repeat the cycle of trial and error and accumulate the results of consistent work. In this way, we intend to continue making reliable efforts in the future as well so that people can use Nikon products with peace of mind.



## Hideo Nakamura

Engineering Quality Control  
Department  
Nikon Vision Co., Ltd.

# CSR Activities at Overseas Group Companies

The Nikon Group has multiple manufacturing and service bases around the world, where quality is strictly controlled and employees are conducting a range of CSR activities with their roots in local communities. As an example of these activities, we will introduce the initiatives taken at four overseas Group companies.

## United Kingdom: Nikon U.K. Ltd.

Contributions to society

### ▶ Employee-led contributions to the local community

Every year Nikon U.K. employees choose a charity to support and in 2011, we are raising funds for Born Too Soon. Based at our local hospital, the charity supports sick newborn babies and their parents: one of our employees suggested it after his premature baby was treated there in the sick baby unit.

We are raising money in a wide variety of ways: by recycling textiles, dress-down and fancy dress days at the office, used book sales, selling our skills such as sewing, mending, baking and cleaning. The community greatly appreciates our efforts.



Imaging technicians disguised as elves unload a lens tool. Donations are collected at these company events.

#### CSR underpins everything we do

Corporate social responsibility involves showing respect for people, planet and profit. In Nikon U.K., we do not view CSR as separable from business but as responsibility which underpins all of our activities. To consolidate this concept, each employee here has a personal CSR objective which runs alongside business targets. Our strong and visible commitment to ethical and responsible business also increases our appeal to new and potential employees.



**Suzanne Marley**

In charge of CSR  
Nikon U.K. Limited

## Thailand: Nikon (Thailand) Co., Ltd.

Occupational safety

### ▶ Occupational safety management based on OHSAS 18001

In September 2010, Nikon Thailand obtained OHSAS 18001:2007 certification, which is an international certification standard for Occupational Safety and Health Management Systems (OSHMS). Our purpose for doing so is to become a factory that places the utmost priority on safety in order to prevent injury and sickness caused by the usage of chemicals, machinery, and electrical equipment; to comply with applicable legal requirements; and to create a comfortable working environment for our 10,000 employees.

We implement a PDCA cycle as described below for the continual improvement of health and safety management.

**Plan:** Establish the objectives and processes necessary to deliver results in accordance with Nikon Thailand's Occupational Health & Safety Policy

**Do:** Implement these processes

**Check:** Monitor and measure processes against the Occupational Health & Safety Policy, objectives, and legal and other requirements, and afterwards, report the results

**Act:** Take action to continually improve the results of occupational health and safety



OHSAS 18001 certification

#### In-house cooperation serves as a support for activities

In February 2011, we began the "CSR & Safety Week." Through classes and poster displays, each employee was able to contemplate, understand, and raise awareness of occupational health and safety. Many things will be required of the company in the future in order to implement, maintain, and continually improve occupational health and safety management based on OHSAS 18001, including securing personnel and specialized skills, restructuring organizations, and investing funds and technologies. With the support and cooperation of relevant departments, we are making continual efforts to improve occupational health and safety.



**Benjaporn Rattanasopon**

In charge of CSR  
Nikon (Thailand) Co., Ltd.

## The United States: Nikon Inc.

Environmental conservation

### ▶ Environmental activities held in cooperation with the local community

Nikon Inc. is making efforts for environmental conservation, with focus placed on recycling, and energy and water conservation. On the recycling side in particular, in addition to toner cartridges, we also recycle batteries that contain toxic substances in an appropriate way in accordance with environmental programs. Outside of our business activities as well, we proactively recycle cans and plastic bottles. Since 2009 we have participated in the Kans for Kids program, the money from which is used to support children with cancer as part of our social contribution activities. We also encourage local high school students to participate in these activities, which have grown significantly as an initiative with cooperation from the local community.



Employees actively participating in recycling activities

### Environmental conservation is a new pillar in corporate branding

As companies continue to have heightened interest in the environment, Nikon Inc. believes that proactively carrying out environmental conservation activities is an important duty. For this reason, we endorse the clean energy activities of our local Long Island Power Authority (LIPA). As a part of these activities, we have implemented measures including using highly efficient lighting in parking lots and buildings, installing occupancy sensors, and installing timers on exhaust fans and cooling units. These efforts have also been recognized by LIPA as environmentally conscious activities, and we intend to continue making efforts to reduce environmental impact through the efficient use of energy.



**Douglas Silverman**

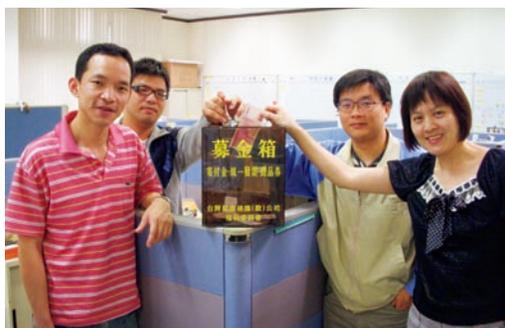
General Manager of Human Resources Department  
Nikon Inc.

## Taiwan: Nikon Precision Taiwan Ltd.

Contributions to society

### ▶ Assistance for local social welfare facilities

Our employees raise funds by utilizing opportunities including paydays and company events. Together with the money collected, items that are no longer used in the company such as desks, chairs, bookshelves, sofas, and electrical machinery are delivered each month to local social welfare facilities. Furthermore, we collect official Taiwanese receipts (also called "Uniform Invoices") printed with numbers that are entered in a bimonthly raffle to win from 200 to 2 million yuan, and send them to children's institutions. Each of these initiatives is small in scale, but in this way we are continually carrying out activities for our local community.



Collection box inside the company

### We place importance on heartfelt communication with people in our local community

The corporate mission of Nikon Precision Taiwan contains the phrase "Contributing to Taiwanese society," and we carry out social contribution activities on a continual basis. Currently, we are providing ongoing assistance to local facilities in Hsinchu County including the Charity Home for Children, a children's institution, and St. Joseph Home, a nursing home. Each of these facilities has expressed their thanks to us. Autonomy and continuity are important factors in these activities, and we intend to make ongoing efforts that are rooted in the Taiwanese region while remembering our feelings of gratitude to the local community.



**Shinichi Ikeda**

President  
Nikon Precision Taiwan Ltd.

President Ikeda (left) presenting New Year's gifts for the children to Director of the Charity Home for Children

## 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.

### 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

### 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.

#### (Labor Standards)

**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 labor;  
**Principle 5:** The effective abolition of child labor; and  
**Principle 6:** The elimination of discrimination in respect of employment and occupation.

#### (The 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.



## 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 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 labor 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 humankind.

### 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.

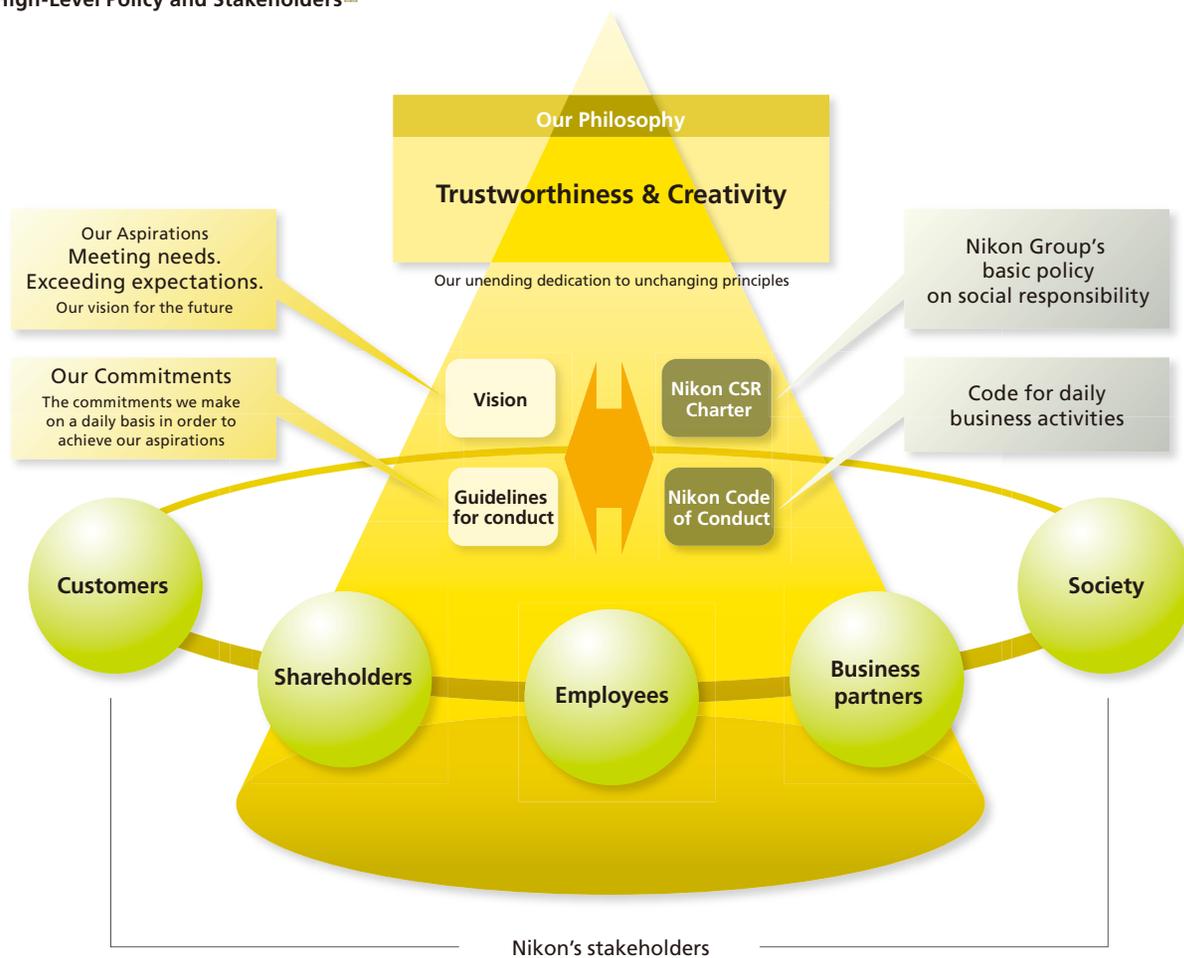
### 6. Transparent operating activities

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 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.

In 2007, the Nikon Group celebrated the 90th anniversary of its foundation and established "Our Aspirations," the Group's desired vision for its 100th anniversary. We have also structured policies such as the Nikon CSR Charter and Nikon Code of Conduct—as well as "Our Commitments," which describes our daily commitment to realizing this vision—and are working to make all employees aware of these things. Furthermore, we participate in the UN Global Compact, and support its Ten Principles regarding human rights, labor standards, the environment, and anti-corruption.

We will continue working in a steady way to implement CSR activities in order to remain being a corporation that is trusted by society.

**Voice**

**Deepen understanding of and empathy for CSR policies**

Through the CSR Website on the Nikon Group Intranet, we are working to share our CSR policies and increase employee awareness. Up until now we have also used our blog to convey information about our CSR and environmental activities, activities related to diversity, and social trends. During the year ended March 31, 2011, we opened a new blog entitled "One Nikon: diversity management" to introduce the CSR activities of each company (focused mainly on overseas Group companies), as well as send messages of support to Group companies in Japan that were devastated by the Great East Japan Earthquake. We hope to further enhance this blog in the future as a tool that goes beyond the boundaries of businesses and regions to deepen understanding of and empathy for the Group's overall CSR policies and activities.

**Miki Nakajo**

CSR Section  
 CSR Department  
 Corporate Planning Headquarters  
 Nikon Corporation



## Priority Issues Set Forth in the CSR Medium Term Plan

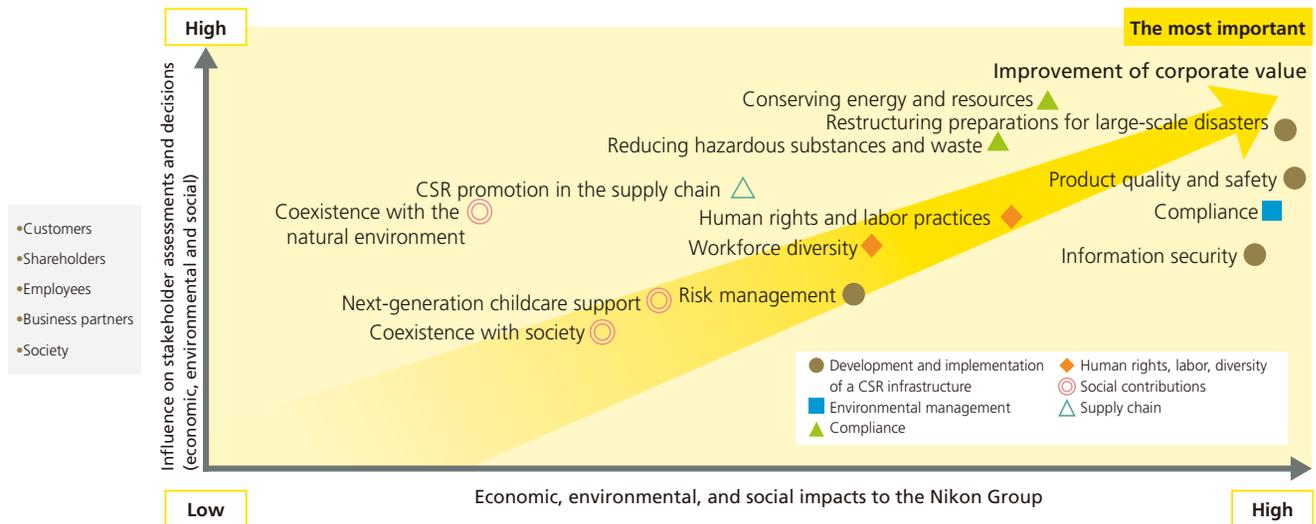
The Nikon Group believes that CSR is a process to embody its corporate philosophy of "Trustworthiness and Creativity," and upholds "CSR-oriented management" as one of its priority management issues. For CSR promotion activities, we work to identify priority issues, set the medium term plans for each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

### ► Identifying Priority Issues for CSR

The Nikon Group identifies significant issues to focus on CSR promotion activities, by examining social trends and the expectations of our stakeholders,<sup>1)</sup> and carries out activities after setting the medium term plans for each issue. When defining

materiality, the secretariat of the CSR Committee makes analyses by referring to sources including the reporting Principle of Materiality in the GRI Guidelines<sup>2)</sup> and the seven core subjects of ISO 26000.<sup>3)</sup> And the selected issues through these processes are approved by the CSR committee as material issues applicable through the entire Group.

### Nikon Group CSR Materiality Map



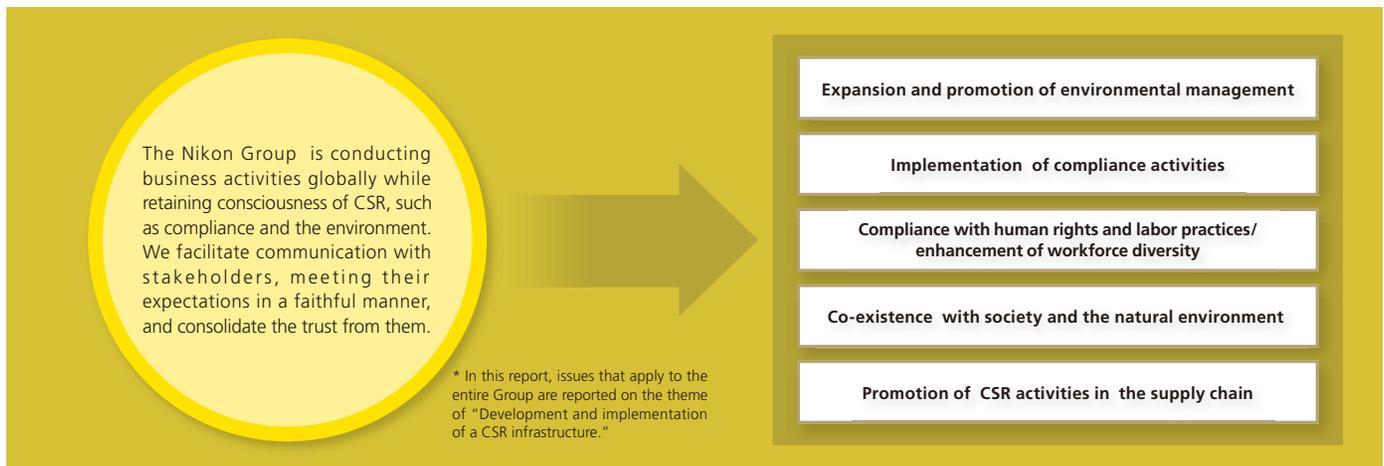
### ► Priority Issues Set Forth in the CSR Medium Term Plan

In a survey given to randomly selected Group employees during the year ended March 31, 2011, we heard many opinions that the

priority issues in the CSR Medium Term Plan were difficult to understand. For that reason we have reviewed these issues and reorganized the previous eight items into five. For each of the newly-defined material issues, a medium term plan is established.

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

(from the year ending March 31, 2012 to the year ending March 31, 2014)



## 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
<b>Customers</b>	<ul style="list-style-type: none"> <li>• Call center and service counter (Details on "Cycle to incorporate customer opinions" at Imaging Company: see p. 9 of Feature Article 1)</li> <li>• Responses to customers by the departments in charge of sales and services</li> <li>• Sharing information via our website and other methods</li> <li>• Exhibitions, events, etc.</li> </ul>
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>• General shareholders' meetings</li> <li>• News releases and public announcements via mass media and other methods</li> <li>• Publishing various types of printed material including fact books, annual reports, and interim/yearly reports</li> <li>• Sharing information via our website and other methods</li> <li>• Financial Results briefings</li> <li>• Socially responsible investment, etc.</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Sharing information via the in-house magazine, the intranet, and other methods</li> <li>• Labor and management conferences, conferences with employee-elected representatives</li> <li>• Code of Conduct Hotline</li> <li>• Monitoring of Group companies and employee awareness surveys</li> <li>• CSR Report employee surveys, etc.</li> </ul>
<b>Business partners</b>	<ul style="list-style-type: none"> <li>• Dialogues through everyday business activities</li> <li>• Interviews and feedback when visiting procurement partners</li> <li>• Briefings and questionnaire surveys for procurement partners</li> <li>• Confirming the construction of environmental management systems (surveys/audits), etc.</li> </ul>
<b>Society</b>	<ul style="list-style-type: none"> <li>• Participation in local events</li> <li>• Cooperation with NGOs and NPOs, such as social contribution activities</li> <li>• Participation in economic and industry organizations</li> <li>• Consultations with government offices, etc.</li> </ul>

### Awards Won in the Year Ended March 31, 2011

<b>April 2010</b>	Nikon CSR Report 2009 recognized as Good Practice by the UN Global Compact <sup>®</sup> Japan Network
<b>May 2010</b>	Nikon Imaging (China) Co., Ltd. recognized as an "Excellent Company for CSR in WND (Wuxi New District)" by the Wuxi New District Administrative Committee for the second consecutive year
<b>June 2010</b>	Nikon Corporation's Sagami-hara Plant and Sendai Nikon awarded the Minister's awards from Japan's Ministry of Health Labor and Welfare
<b>July 2010</b>	Received the highest ranking in the digital camera category of the "2010 After-sale Service Satisfaction Ranking" in Nikkei Business
<b>August 2010</b>	Nikon CSR Report 2009 has received as Notable COP <sup>®</sup> by the UN Global Compact for the second consecutive year
<b>October 2010</b>	Ranked in eighth place in the Nippon Foundation's selection of 100 admirable CSR-oriented Japanese companies
<b>November 2010</b>	Nikon Salon awarded the Photographer Smile Award in the Mecenat Grand Prize category of the 2010 Mecenat Awards

# 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 on each CSR-related issue are established under the CSR Committee. They are cross-functional and reinforce cooperation in the group.

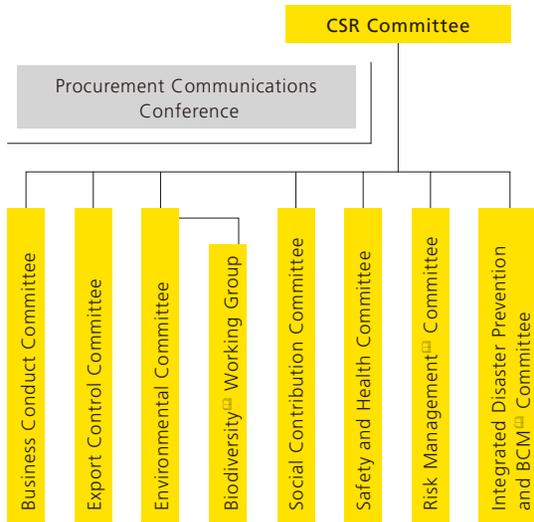
## ► CSR Promotion Organization

Under the CSR committee, seven subordinate committees are organized. Besides these, we have Procurement Communication Conference in place. Under this system, we drive the penetration and enrooting of CSR activities throughout the entire Group.

During the year ended March 31, 2011 we have started preparations to reinforce CSR promotion in China/Asia region in a integrated way. To start with, we appointed a staff member exclusively in charge of CSR at the holding company in Hong Kong that was established in August 2010 as the regional headquarters.

During the year ended March 31, 2012 we will establish a CSR promotion organization for Group companies in the China/Hong Kong region.

### CSR Promotion Organization



### Secretariats and Chairpersons of CSR-related Committees

Committee	Chairperson	Secretariat
CSR Committee	Chairman	CSR Section, CSR Department
Business Conduct Committee	Executive Vice President	Compliance Section, CSR Department
Export Control Committee		
Environmental Committee	President of Business Administration Center	Environmental Administration Section, Environmental & Technical Administration Department
Social Contribution Committee	Executive Vice President	Social Contribution Section, CSR Department
Safety and Health Committee	President of Business Administration Center	Safety and Health Welfare Section, Human Resources Department
Risk Management Committee	Executive Vice President	Corporate Planning Department, Administration Department, Information System Planning Department, Human Resources Department
Integrated Disaster Prevention and BCM Committee		BCM Section, Corporate Planning Department
Procurement Communications Conference	General Manager of the Procurement & Facilities Management Department	Procurement Planning Section, Procurement & Facilities Management Department

## ► The Nikon Group's Initiatives Regarding the Ten Principles of the UN Global Compact

The Nikon Group participates in the UN Global Compact, and has declared its support for the Ten Principles, and is promoting activities related to these principles.

### Major Achievements During the Year Ended March 31, 2011 Related to the Ten Principles

	Policies	Jurisdictions	Achievements (activities and/or monitoring)
Common	CSR Charter	CSR Committee	Implemented education related to the Ten Principles of the UN Global Compact throughout the entire Nikon Group Group CSR questionnaires, establishment of a CSR promotion organization in China
	Procurement Partner Guidelines	Procurement Communications Conference	Promoted CSR-oriented procurement 
Human rights / Labor	CSR Charter	CSR Committee	Conducted Group surveys for yearly confirmation of the situation regarding Group human rights and labor. Confirmed no forced or child labor
			Confirmed regular quantitative female employees' level of participation and responsibility through activities to support women in the workplace
			Began work to decide upon a Group human resources vision Promoted CSR-oriented procurement, briefings for overseas procurement partners
Environment	Basic Environmental Management Policy	Environmental Committee	Accordance with and implementation of the Environmental Action Plan
	Environmental Action Plan		Management through the environmental management system (ISO 14001) 
	Green Procurement Standard 		Audited green procurement for suppliers
Anti-corruption	Code of Conduct	Business Conduct Committee	Implemented compliance  education for the entire Nikon Group
			Identified issues through awareness surveys at Group companies in Japan

### Recognition as Notable Communications on Progress (Notable COP)

For two successive years, the Nikon CSR Report 2008 and Nikon CSR Report 2009 were selected by the UN as Notable COP. In addition, the Nikon CSR Report 2009 was recognized as Best Practice by the Global Compact Japan Network, which is comprised of Japanese corporations that endorse the UN Global Compact.

The Nikon Group continues to work to put the Ten Principles into practice and strive that it takes root in the minds of all employees.

# CSR Achievements for the Year Ended March 31, 2011, and Future Targets

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. We conduct these activities in communication with our stakeholders.

## Priority Issues and Targets and Results for the Year Ended March 31, 2011 (April 1, 2010 to March 31, 2011)

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

Priority issue	Target	Results	Self evaluation
CSR fulfillment by conducting business while protecting the global environment and ensuring compliance <sup>□</sup> <a href="#">see p. 17</a>	Cooperation with staff in charge of CSR at each in-house company	Cooperated with three in-house companies and responded to CSR-related matters from customers	○
	Give support to Group companies in China for the promotion of CSR activities and to Group companies in Europe for building a promotion organization	During the year ended March 31, 2011, special efforts were made in China, where we completed preparations to build a necessary system. Changed our policy, and we will now wait to see our results in China before beginning efforts in Europe.	△
	Give feedback regarding the results of e-learning sessions conducted at Group companies in Japan in the fiscal year ended March 31, 2010	The results were posted on our in-house CSR blog, and made public to all employees of Group companies in Japan	○
Expansion and promotion of environmental management <sup>□</sup> <a href="#">see p. 27</a>	Reduce CO <sub>2</sub> emissions		○
	Strengthen measures for hazardous chemical substances (to comply with the REACH Regulation, <sup>□</sup> the revised RoHS Directive, <sup>□</sup> and others)	*For results related to the environment, please refer to "Environmental Action Plan" (see p. 33).	○
	Formulate policies on biodiversity, <sup>□</sup> make environmental assessments, and educate employees on these items		○
Global Promotion of compliance activities <sup>□</sup> <a href="#">see p. 47</a>	Thoroughly implement measures to promote global compliance	Revised the Group Code of Conduct to promote more global activities	○
	Conduct an awareness survey to employees of Group companies in Japan and execute a PDCA cycle based on the results	Conducted awareness surveys, shared the results, and provided support for activities in departments that are working to energetically implement activities	○
	Provide education on important themes	Implemented education that was in line with each Group company and department's situation, such as that regarding the Code of Conduct, ethics, etc.	○
Implementation of a risk management <sup>□</sup> PDCA cycle <sup>□</sup> <a href="#">see p. 49</a>	Encourage awareness of basic rules for information management at overseas Group Companies, and see those rules upheld	After re-organizing the items for adherence during information management, promoted awareness of these items at overseas Group companies	○
	Continuously implement education and audits in Japan	Continually implemented information management audits and education such as e-learning sessions in Japan	○
	Expand the emergency contact system to employees of overseas Group companies	Inspected safety confirmation system use; expanded the usage scope of the support desk	○
	Enhance overseas risk management training and continue providing relevant drill	Conducted prior and management training for employees to be dispatched overseas, and emergency drills for them	○
	Revise the action plan based on experience of pandemic influenza (H1N1)	Let the entire Nikon Group know the revised Code of Conduct	○
	Hold e-learning sessions on export control of technology and software for Nikon Corporation employees	Increased awareness of export control of technology and software through e-learning sessions, and thoroughly implemented the control focused on Precision Equipment Company	○
	Make regular audits on export control at Nikon Corporation and Group companies in Japan	Performed audits on export control at Nikon Corporation and 12 Group companies	○
Global management of issues related to human rights and the labor environment <sup>□</sup> <a href="#">see p. 51</a>	Analyze the results of monitoring at the Nikon Group, identify issues, and consider countermeasures	There were no significant problems; considered methods of dealing with issues	○
	Give e-learning sessions on the Ten Principles of the UN Global Compact <sup>□</sup> to employees in Japan and promote the Compact to overseas Group Companies	Completed e-learning sessions in Japan and carried out educational activities through staff overseas	○
	Implement ISO 26000 <sup>□</sup> into corporate activities	Enhanced support and education, and applied ISO 26000 to the revised version of the Group Code of Conduct	○
	Enhance education and expand support for employees in charge of health and safety at Group companies in Japan	Improved the health and safety management levels of Group companies in Japan	○
Promotion of diversity <sup>□</sup> activities <sup>□</sup> <a href="#">see p. 54</a>	Develop a global human resources training system for emerging economies and start to use it	Introduced system and members of the inaugural class completed their study abroad in emerging economies	○
	Build a training system to support employees' career development and start implementing it on a trial basis	Held five career training sessions for people who are 30 years old, and held training session for people who are 40 and 50 years old on a trial basis	○
	Construct a system of diverse working styles	Introduced hour-based vacations, partially implemented telecommuting, expanded reemployment for seniors	○
	Conducted diversity training for managers on a trial basis	Completed training for managers on a trial basis	○
	Improve the percentage of women employed through regular recruitment to at least 20% and the percentage of women employed as engineers to at least 10%	Held recruitment seminars for women seeking jobs in the technical field, but targets were not met	△
	Place more orders with Nikon Tsubasa Inc. (a special subsidiary)	Expanded orders for "paperless" (data digitization) work	○
Expansion of social contribution activities worldwide <sup>□</sup> <a href="#">see p. 57</a>	Manage the Thai scholarship program	150 junior high and high school students, 24 university students, and 4 Japanese international students (including 2 Masters program graduates)	○
	Plan and carry out educational activities for young people regarding biodiversity	Held nature observation events, as well as environmental events and conferences	○
	Implement TABLE FOR TWO program in areas other than Ohi Plant	Completed implementation at all Nikon Corporation plants	○
Expansion of CSR-oriented procurement <sup>□</sup> <a href="#">see p. 59</a>	Gather feedback from procurement partners in Japan and examine and implement necessary measures	Based on the feedback results in the first half of the year, expand the number of object partners to 37 companies	○
	Hold briefings for overseas Group manufacturing companies in Asia	Held briefings at three overseas Group manufacturing companies, as well as education in the Nikon Group	△
	Hold briefings for procurement partners of overseas Group companies	Held briefings and conducted surveys for the procurement partners of two Group companies in China (imaging companies)	○
Promotion of communication with stakeholders <sup>□</sup> <a href="#">see p. 5, p. 61</a>	Expand the target of green procurement <sup>□</sup> audits to procurement partners of overseas Group companies and improve the proficiency of auditors	Conducted audits of 33 procurement partners, including one overseas company, and conducted education for auditors	○
	Continually update the CSR website	Posted data that wouldn't fit in CSR reports and made updates as needed	○
	Improve the CSR Report and publish the digest of the report	Conducted surveys for Group companies and employees within and outside Japan, and reflected the content in this report	○
	Foster communication with external stakeholders	Carried out dialogues with stakeholders (and included them in this report)	○

\*The targets in the CSR Report 2010 have been organized before inclusion (such as duplicate parts).

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

The Nikon Group is conducting business activities globally while retaining consciousness of CSR, such as compliance and the environment. We facilitate communication with stakeholders, meeting their expectations in a faithful manner, and consolidate the trust from them.

Priority issues	Target
<b>Development and implementation of a CSR infrastructure</b> <a href="#">see p. 17</a> <a href="#">see p. 49</a>	Reflect on responses to the Great East Japan Earthquake, revise BCPs to prepare for a Tokyo Metropolitan Earthquake, improve crisis management abilities through drills
	Thorough conservation of electricity (strengthen policies and monitoring, respond to requests from the Government of Japan)
	Establish CSR coordinating functions at a holding company in China and Asia by the end of this fiscal year; create a CSR promotion organization in China
	Implement education for all Nikon Corporation employees to create continual and consistent awareness of export control of technology and software for export management
	Thorough export control at overseas Group companies
	Continual countermeasures against highly virulent influenza (information gathering, table-top drill, sufficient emergency stores, etc.)
	Maintain an environment to provide latest risk information for employees on overseas business travel, create a centralized Group management system for business traveler information
<b>Expansion and promotion of environmental management</b> <a href="#">see p. 27</a>	*For targets related to the environment, please refer to "Environmental Action Plan" (see p. 34).
<b>Implementation of compliance activities</b> <a href="#">see p. 47</a>	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
	Implement awareness surveys of Group employees in Japan, giving feedback about results, supporting the activities of departments that are working to energetically implement activities
	Make employees thoroughly aware of the in-house reporting/consulting system, as well as its sound operation
<b>Compliance with human rights and labor practices/enhancement of workforce diversity</b> <a href="#">see p. 51</a> <a href="#">see p. 54</a>	Expand implementation of diversity training for managers, with the target of 100 people who attend five training sessions each year (in Japan)
	Proactive employment activities for female employees (raise the percentage of women employed to at least 10% by March 2013)
	Conduct Group surveys on human rights and labor, identify problems, and draft policies
	Collect basic health and safety data of the Group, and provide necessary assistance
<b>Co-existence with society and the natural environment</b> <a href="#">see p. 57</a>	Implement training and expand target countries to develop global human resources for emerging economies
	Carry out support activities for the victims and areas affected by the Great East Japan Earthquake
<b>Promotion of CSR activities in the supply chain</b> <a href="#">see p. 59</a>	Organize issues and propose promotion plans for Group companies which have not yet implemented social contribution activities
	Revise the Green Procurement Standard. Begin examining the integration of Nikon Procurement Partners' CSR Guidelines and Nikon Green Procurement Standards.
	Clarify confirmation standards, and consider an implementation system to confirm the activities of procurement partners through visits (including overseas)
	Continual EMS audits of procurement partners, auditor education, enhancing the audit system

# 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  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 where responsibilities are established for each product sector, including Group companies. We have also established a management system that can respond swiftly to changes in the business environment through our operating officer system. Furthermore, we evaluate and confirm performance under a results-based evaluation system, 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  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.

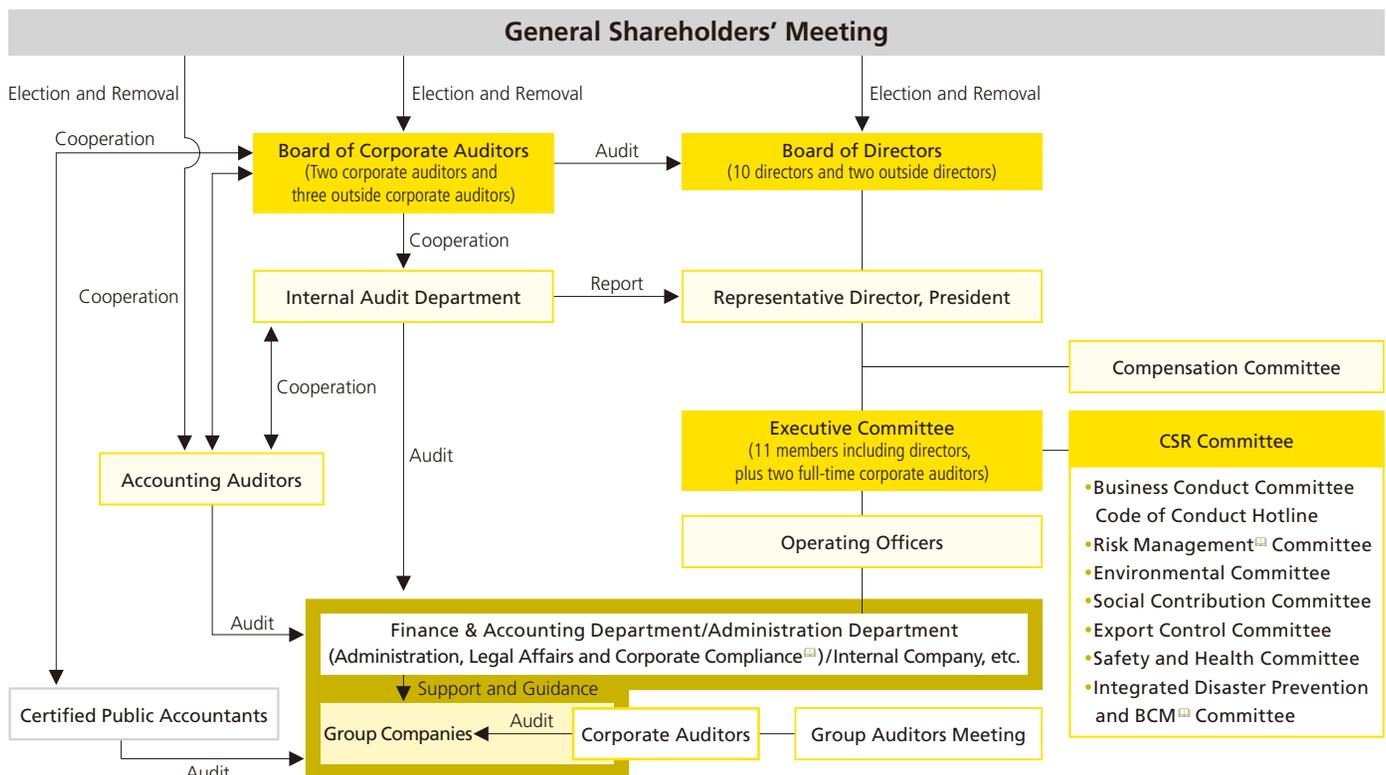
### Board of Corporate Auditors

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/>

**Nikon's Corporate Governance Organization** (as of June 30, 2011)



## ▶ 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 usage 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.

The results of these audits are submitted to corporate auditors for the purpose of close cooperation and to share information.

As the Nikon Group works to expand the scale of its business operations in China and other Asian countries, an internal audit section was established at the regional headquarters in Hong Kong in August 2010 to enhance auditing functions.

In order to further improve the quality of internal audits of overseas Group companies, we also established an internal audit section for the Americas in a North American holding company in June 2011. In this way we are making efforts to construct an internal audit system that covers all four regions worldwide, namely Japan, Europe, China/Asia, and America.

### Implementation of an Internal Control Reporting System

Our 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.

The fiscal year ending March 31, 2012 marks the fourth year since the application of this internal control reporting system. We are revising our business operations based on efforts to make internal control structures stronger and more efficient over the past three years, as well as evaluations of effectiveness during the fiscal year ended March 31, 2011. We are also working to establish a more sustainable internal control system by creating efficient application techniques, such as reducing costs and ensuring the quality and stability of major process-level internal controls and financial reporting.

## 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. Every effort is being made at each Nikon in-house company to create a business structure that best meets customer needs.

### ►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 fiscal year ended March 31, 2011, a lecturer from Mitsubishi Motors Corporation was invited to Nikon Corporation's Ohi Plant to speak about the development of electric vehicle. 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 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 two departments of Nikon Corporation, and at six major Group companies, during the fiscal year ended March 31, 2011.

#### 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, 2011, we published 43 test reports gathering the results of the various tests that were conducted.

No problems related to product quality or safety occurred during that year.



Lecture on quality attended by staff from partner companies

# Expansion and Promotion of Environmental Management

## Highlights

## Efforts in Biodiversity Conservation

Our corporate activities are closely linked to biodiversity. For many years the Nikon Group has engaged in environmental conservation related to its business and also worked to provide nature education programs for children based on the understanding that all its business activities both receive benefits from and have an impact on the natural environment.

### Promotion Through the Biodiversity Working Group

In January 2010, the Nikon Group formed a Biodiversity Working Group consisting of members of the CSR section, Social Contribution section, Environmental section, and Procurement section. The Working Group has been exploring interdepartmental initiatives aimed at assessing the Group's relationship to biodiversity and its operational impacts, and at preserving biodiversity. In April 2010, the Nikon Group revised the Nikon Basic Environmental Management Policy to clarify the company's basic position on biodiversity.

Nikon Corporation participates in biodiversity sectional meetings of the UN Global Compact Japan Network (the Japan network for the UN Global Compact), and takes part in information exchange and case studies with other members.

The Nikon Group also strives to educate its employees and their families: in October 2010, we produced a "Biodiversity Pamphlet" and "An Introduction to Biodiversity" booklet and posted them on the Group intranet. These resources explain in an easy-to-understand way the meaning of biodiversity and in what ways it is relevant to humans.

### 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 Mt. Fuji Reforestation Promotion Meeting (hosted by OISCA International). 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 330 people representing the Nikon Group have visited Mt. Fuji thus far. On May 22, 2010, the International Day for Biodiversity, 130 people participated in tree-planting activities, planting a total of 1,300 saplings sprouted from seeds native to Mt. Fuji over 1.3 hectares. Volunteers also cleared undergrowth during the summer.

### Ecology Lecture Raises Employee Awareness

In February 2011, we hosted a lecture on the environment attended by approximately 150 Nikon Group employees. Guest lecturer Manabu Miyazaki, a wildlife photojournalist, spoke on the current conditions facing wild animals and forests, the ecology of organisms that live in cities, and the connections between humans and other organisms in a speech entitled "Environmental Problems from the Eyes of Animals." The lecture was a great opportunity to contemplate the importance of understanding the real natural world, not only from the standpoint of humans but also from the perspective of animals.



Manabu Miyazaki speaking before Nikon Group employees

### Acting as another inhabitant of planet Earth: The Mt. Fuji Reforestation Project

Before I joined Nikon, I conducted research using microscopes. Observing organisms so closely made me realize just how complex and how sensitive to their surroundings —and how urgent it is to protect them. In my opinion as an employee of Nikon, a multinational corporation, I thought I should be active in protecting organisms on a global scale, and as the first step I participated in tree-planting activities. Learning about the current problems at Mt. Fuji reaffirmed my belief that we need to be more active toward protecting living things on a global level. I have begun my efforts by first taking care of nature close around me.

**Chisako Iwamoto** Systems Development Section, Bio Science Development Department, Development Division, Instruments Company, Nikon Corporation

### Voice



Planting saplings with Executive Vice President Terato (event date: May 22, 2010)

### Nikon Sponsors the International Children's Conference on the Environment

Nikon Corporation sponsored the International Children's Conference on the Environment (hosted by the United Nations Environment Programme (UNEP) and the Aichi Nagoya Kodomo COP10 Executive Committee) held in Nagoya City from October 21 to 25, 2010. UNEP's International Children's Conference on the Environment brings together children aged 10 to 14 for the primary purpose of raising the next generation of global leaders by providing environmental education and a venue for sharing experiences. Some 200 children —approximately

80 from 35 foreign countries and 120 from Japan attended the conference held in 2010, the International Year of Biodiversity, <sup>10</sup> where they deepened their understanding of biodiversity and each other through various discussions and programs under the convention theme of biodiversity conservation.

As its own contribution, Nikon Corporation provided an outdoor activity program at Mt. Fuji and an educational program using "AKAYA Note," and also hosted the awards ceremony for the 19th International Children's Painting Competition on the Environment (see p. 57), yearly event Nikon Corporation co-hosts with three other organizations including UNEP.



Plenary session of the 2010 International Children's Conference on the Environment



Children talking at a discussion meeting



Nikon's Mt. Fuji outdoor activity program



Educational program using "AKAYA Note"

### Environmental awareness tools for biodiversity

As a social contribution activity, the Nikon Group also promotes environmental education using various tools to raise awareness.

The Nikon Group develops and produces various educational tools used at elementary, junior high, and senior high schools around Japan, including AKAYA Note, an environmental booklet about the Akaya forest (located in Gunma Prefecture), site of the AKAYA Project to restore biodiversity, and IKIMONO KARUTA, a fun way to teach children about biodiversity.





# Expansion and Promotion of Environmental Management

## 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.

### The Nikon Basic Environmental Management Policy Revised in April 2010

#### 1. Basic Philosophy

One of the priorities of Nikon (Nikon Corporation and the Nikon Group) is to foster coexistence and co-prosperity in all regions where its business operates across the world, everywhere on Earth, and even in space. This policy is based on the corporate philosophy of Nikon, "Trustworthiness and Creativity." In all our business activities we are committed to combating environmental pollution, making effective use of resources, and contributing to building a recycling-based society, thereby protecting and improving the global environment and passing it on to future generations for the sustainable development of society.

#### 2. Basic Approach

As a responsible company, Nikon is committed to protecting the global environment and to monitoring its impact on the natural environment, including issues related to climate change and biodiversity. <sup>□</sup> Our commitment is based on the recognition that if companies are to continue to develop, it is essential to solve environmental problems, because in the end this will contribute to the survival of humankind.

We will win the trust and support of society by providing high-quality products that are both people- and earthfriendly, and we will introduce activities across Nikon and at our business partners to achieve this.

#### 3. Action Guidelines

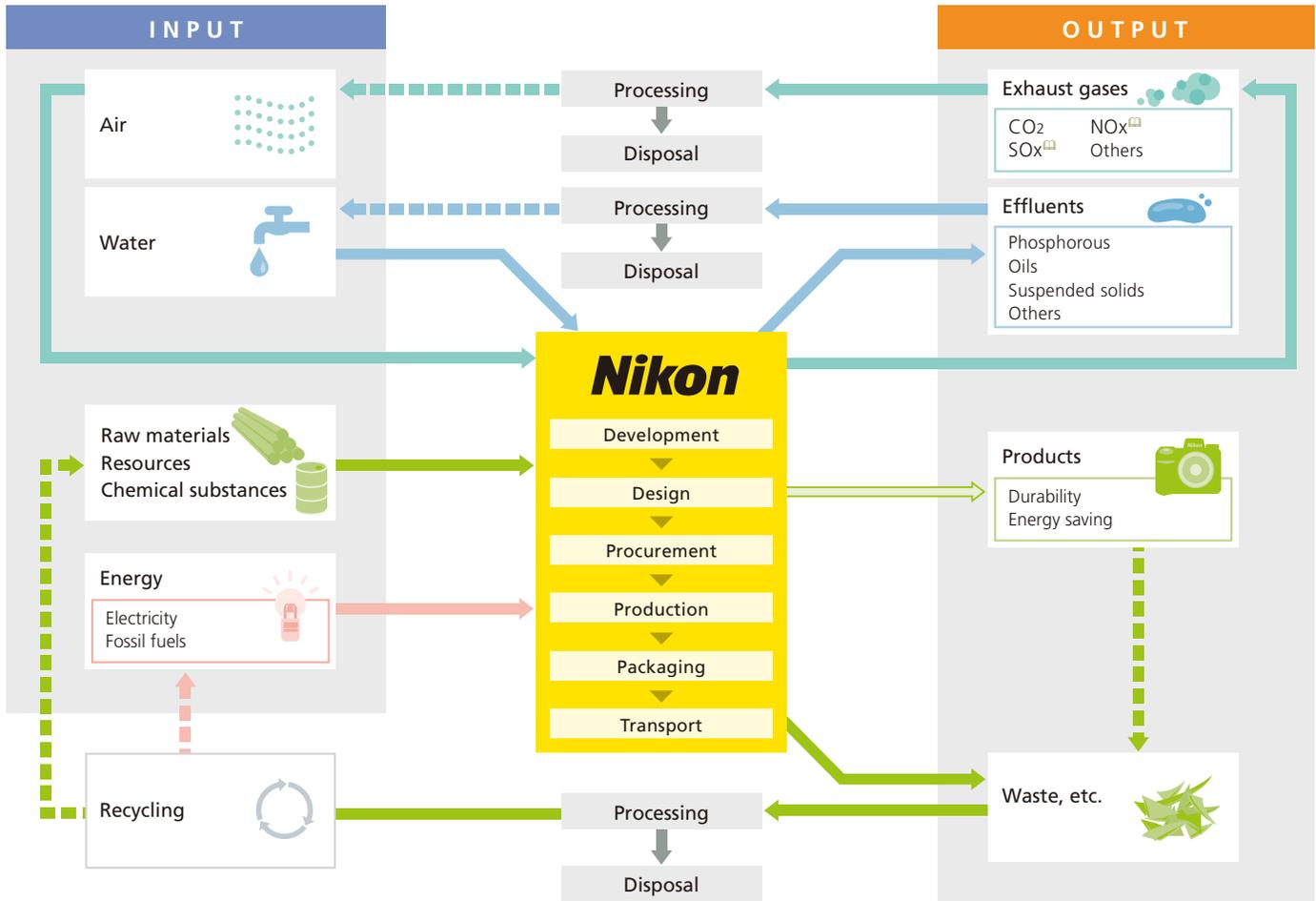
- (1) We will make every effort to promote reductions of CO<sub>2</sub> and waste emissions, reuse and recycling, while encouraging energy and resource conservation, waste reduction and conscientious waste processing with the goal of creating an environment-conscious recycling society.
- (2) We will 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, <sup>□</sup> we will participate actively in the environmental protection programs of society at large, and actively disclose information.

### ►Business Activities and the Environment

Companies can be compared to a living organism in the natural environment: they provide society with products and services and continue to grow while consuming a range of resources and energy and generating a variety of 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.

The Nikon Group has made steady efforts to reduce waste and make various other improvements, as well as being engaged in its own unique activities, a notable example of which is development of Eco-glass, <sup>□</sup> which has an amazingly small environmental footprint. Our efforts are currently focused on CO<sub>2</sub> emissions reduction, reduction and management of hazardous chemical substances, activities to conserve biodiversity, and remediation of contaminated soil.

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



Nikon Group's Principal Environmental Loading (for year ended March 31, 2011)

INPUT		Plants	Group manufacturing companies in Japan	Units
Energy	Electricity	171,158	99,514	MWh
	Gas	6,542	2,247	thousand m <sup>3</sup>
	Heavy oil	0	971	kl
	Kerosene	0	100	kl
	Water	1,578	833	thousand m <sup>3</sup>
PRTR <sup>□</sup> substances	2-aminoethanol	1.019	0	t
	Ferric chloride	0	4.815	t
	Hexavalent chromium compounds	0	2.658	t
	Chromium and trivalent chromium compounds	0	2.468	t
	Dichloropentafluoropropane	0	1.325	t
	Toluene	0	4.211	t
	1-bromopropane	22.763	47.857	t
	Boron compounds	3.636	91.374	t

OUTPUT		Plants	Group manufacturing companies in Japan	Units
CO <sub>2</sub> emissions	Electricity	65,725	41,769	t-CO <sub>2</sub>
	Gas	14,368	8,807	t-CO <sub>2</sub>
	Heavy oil	0	2,631	t-CO <sub>2</sub>
	Kerosene	0	250	t-CO <sub>2</sub>
	PRTR substances emissions	2-aminoethanol	0	0
Ferric chloride		0	0	t
Hexavalent chromium compounds		0	0	t
Chromium and trivalent chromium compounds		0	0	t
Dichloropentafluoropropane		0	1.152	t
Toluene		0	3.433	t
1-bromopropane		22.522	34.554	t
Boron compounds		0.005	0.128	t
Disposal	Amount of waste generated	3,490	2,752	t
	Amount recycled	3,470	2,117	t
	Amount of landfill	8	610	t

Scope of Data

Plants: Nikon Corporation's Ohi, Yokohama, Sagamihara, Kumagaya, and Mito 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.

\*For energy, "Plants" include Nikon Corporation's head office.



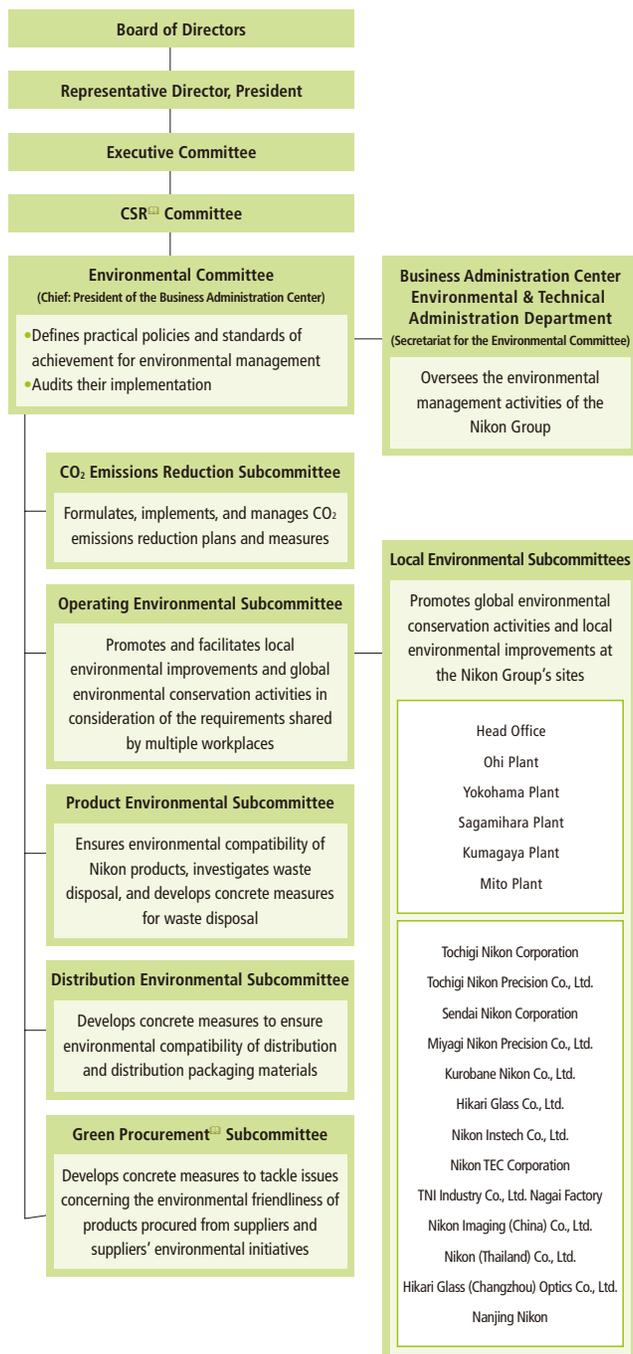
# Expansion and Promotion of Environmental Management

## ► Environmental Management System (EMS)

### 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, identify social needs, and respond as the situation requires.

### Environmental Management Organization (as of April 1, 2011)



### Utilization of ISO 14001 certification

The Nikon Group conducts environmental management activities based on ISO 14001. We are currently obtaining integrated certification 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 fiscal year ended March 31, 2011, Nanjing Nikon obtained certification (see p. 44).

Moreover, we are promoting the introduction of the Nikon Environmental Management Simplified System (simplified EMS) consisting of important elements from ISO 14001 to Nikon Group sites with low environmental impact. In the fiscal year ended March 31, 2011, Nikon Imaging Japan introduced this system, and in the same fiscal year we established EMS Development Basic Policy for all Group companies, including those overseas. Based on this basic policy, we will expand the scope of our environmental management system and in the year ending March 31, 2012, we will make preparations to obtain ISO 14001 certification or introduce the simplified EMS into overseas non-manufacturing sites.

Through these activities, we are operating the environmental management system group-wide, and have introduced environmental-preservation activities such as reducing GHG emissions through reduced energy consumption, effectively using resources (promotion of the 3Rs), green procurement, and reducing the use of hazardous chemical substances.

### Performing internal audits

We regularly conduct internal audits to check whether auditees are complying with ISO 14001 and environmental manuals, as well as to see how they have set and implemented their environmental targets. Internal audits are performed at least once a year on the Environment Committee, its subcommittees, and respective departments. The chief auditor and auditors are designated from among the registered employees who have approval for meeting the necessary conditions for an internal auditor by the heads of the Local Environmental Subcommittees.

If an area needing improvement is detected during an internal audit, the audited organization will put corrective measures in place and report the results to the chief auditor, who will then check the implementation.

### Nikon Environment Symbol

For its environmental protection and improvement activities, the Nikon Group created the Nikon Environment Symbol in 1998.



## ► Environmental Education, Awareness Raising, and Internal Communication

The Nikon Group has been conducting a range of environmental education and awareness-raising activities for all its employees and for some of its business partners in order to raise the standards of the Group's environmental conservation activities.

### Training of internal auditors

In order to maintain and improve the environmental management system in use, it is critical to maintain and improve the quality of internal audits. The Nikon Group therefore provides employees with an internal auditor training course four times a year and an internal auditor skill-up training course four times a year. We also conduct a training session to ensure compliance with the relevant environmental-related laws and regulations at least twice a year. At these training seminars employees who are externally qualified auditors give lectures. These lecturers support the establishment of environmental management systems and give lectures both inside and outside the Nikon Group.



Seminar on relevant laws and regulations

### General education

In Japan the Nikon Group provides employees with education matched to their positions, groups, workplaces, and departments based on its educational training plan for the environmental management system.

For example, in each region for new employees we provide education on environmental targets for plants, rules for sorting waste, ISO 14001, and environmental laws and regulations. We also provide introductory training for all new employees and a basic workshop program for newly hired engineers. 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 CO<sub>2</sub> emissions at plants.

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 for all employees in June, which is designated as "Environment Month," and at other opportunities. For Environment Month in 2010, we hosted a lecture on material flow cost accounting (MFCA), and in February 2011, we invited Manabu Miyazaki, a wildlife photojournalist, to talk about the current state of the natural environment and connections between humans and nature (see p. 27).



Training seminar for new employees

### 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, 2011, five Outstanding Environmental Contribution Awards and six Environmental Contribution Awards were given.

#### Example of a recipient of the Outstanding Environmental Contribution Award

Project: Reducing waste-processing costs by promoting conversion of waste to valuables

Recipient: Environmental Administration Team, Environmental Administration Section, Administration Department, Sendai Nikon

Project details:

- Determined ways to derive value from waste by separating it more thoroughly
- Compressed and reduced the volume of waste and promoted the internalization of contracted waste-processing operations
- Reduced waste-processing costs, reduced CO<sub>2</sub> emissions during transportation, and processed confidential documents properly



Environmental Commendation ceremony



# Expansion and Promotion of Environmental Management

## ► 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. In addition, every year the Environmental Committee devises a new three-year plan called the Nikon Environmental Action Plan and Environmental Targets, which are both implemented group-wide.

The table below details the Nikon Environmental Action Plan 2010 (three-year plan), listing the Environmental Targets for the year ended March 31, 2011 (first year of the plan). To the right of each target can be found the results for the year and Nikon's self-evaluation.

## Year ended March 31, 2011 (results)

In the year ended March 31, 2011, we implemented group-wide measures to further reduce emissions of GHG <sup>□</sup> under the leadership of the CO<sub>2</sub> Emissions Reduction Subcommittee.

The Nikon Group revised the Nikon Basic Environmental Management Policy to clearly define its approach to biodiversity, added new themes to the Environmental Action Plan, and promoted the system for biodiversity <sup>□</sup> conservation.

### Nikon Environmental Action Plan 2010

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

	Theme	Environmental targets for the year ended March 31, 2011	Results for the year ended March 31, 2011	Self evaluation	See page
Product environment	Energy conservation (prevention of global warming)	(Energy efficiency) <sup>□</sup> •25% or more improvement in overall energy efficiency of new products during use compared with existing products	Improved by 40% (simple average of all newly released models)	○	p. 8, p. 10, p. 35, p. 39
	Reduction in the use of hazardous chemical substances	(Hexavalent chromium, lead, cadmium, mercury, PBB, PBDE, PVC) • Continue compliance with RoHS Directive <sup>□</sup> and maintain and improve the management system	Continually complied with RoHS Directive and maintained and improved the management system	○	p. 36
		(Hexavalent chromium for surface treatment) • Consumer products: Ensure the appropriate management of the process • Industrial products: Discontinue use in new product designs	Consumer products: Continued to ensure appropriate management of the process Industrial products: Continued to discontinue all use in new component designs	○	p. 36
	Control of chemical substances	(Control of chemical substances in products) • Enhance the management system	Enhanced the management system	○	p. 37
	Green procurement <sup>□</sup>	(Reduction in the use of hazardous chemical substances) • Consumer products: Maintain and update the system  • Industrial products: Expand green procurement	Consumer products: Maintained and updated the system Industrial products: Expanded green procurement	○	pp. 59 - 60
		(Application of the Nikon Green Procurement Standards) • Continue to maintain and update the Nikon Green Procurement Standards • Continue to examine and audit the environmental conservation systems	Maintained and updated the standards  Continued to examine and audit environmental conservation systems	○	
Distribution	(Reduction in CO <sub>2</sub> emissions from physical distribution in Japan) • Reduce CO <sub>2</sub> emissions per net sales by 14% or more compared with the year ended March 31, 2007	14.7% reduction	○	p. 38	
	(Collection of data on CO <sub>2</sub> emissions from international distribution) • Conduct surveys on the current situation in Asia	Completed the surveys	○	p. 38	
Workplace environment	Energy conservation (prevention of global warming)	(Reduction in GHG emissions [CO <sub>2</sub> emissions from energy use]) • Total CO <sub>2</sub> emissions from Nikon Corporation and Group manufacturing companies in Japan: Reduce to 128,000 tons or less • CO <sub>2</sub> emissions per unit of real output from two Group manufacturing companies in Asia: Reduce by 5% (compared with the year ended March 31, 2006; total CO <sub>2</sub> emissions: 93,000 tons)	Decreased total CO <sub>2</sub> emissions to 122,000 tons  Reduced CO <sub>2</sub> emissions per unit of real output by 14% (total CO <sub>2</sub> emissions: 87,000 tons)	○	pp. 39 - 40
	Waste reduction	(Zero emissions <sup>□</sup> system) • Establish the system at Hikari Glass Co., Ltd. and a Group manufacturing company in Asia (NTC*) (Waste reduction) • Reduce waste by 23% (compared with the year ended March 31, 2006) at Nikon Corporation and Group manufacturing companies in Japan	Completed establishment of the system  8.7% reduction	○  △	p. 42
Others	Environmental Management System (EMS)	(ISO 14001 <sup>□</sup> integrated certification) • Expand the numbers of sites acquiring integrated certification	Acquired integrated certification at Nanjing Nikon	○	p. 31
	Biodiversity conservation	• Clarify the policy and establish the promotion system	Revised the Nikon Basic Environmental Management Policy, enhanced the working group system	○	pp. 27 - 28
	Life Cycle Assessment (LCA) <sup>□</sup>	• Promote LCA (by enhancing awareness and education) • Collect data	Provided education Continued to collect data	○	p. 35

\*NTC: Nikon (Thailand) CO., Ltd.

### ►Year ending March 31, 2012 (targets)

For the fiscal year ending March 31, 2012, we will enhance systems in all departments to manage chemical substances contained in products as well as also encouraging collaboration with our procurement partners.

For our modal shift initiative, we will promote the increasing use of environmentally friendly transportation for both domestic and international distribution, starting with the most feasible transport routes.

For workplace environments, we will provide education on waste and build operable systems to implement a full-scale zero emissions<sup>□</sup> activity at overseas manufacturing sites.

We have removed “Hexavalent chromium for surface treatment,” which was included under the heading “Reduction in the use of hazardous chemical substances,” from the Environmental Action Plan 2011 because we achieved discontinuation of its use in new products, including industrial products. We will continue to maintain this standard.

#### Nikon Environmental Action Plan 2011

	Theme	Medium-term environmental targets (environmental targets for the year ending March 31, 2014)	Targets for the year ending March 31, 2012	See page
Product environment	Energy conservation (prevention of global warming)	(Energy efficiency) <sup>□</sup> •Improve the energy efficiency of newly released products during use by 15% or more compared with existing products	Improve energy efficiency by 20% or more as a simple average of all new models released	p. 35, p. 39
	Reduction in the use of hazardous chemical substances	(Hexavalent chromium, lead, cadmium, mercury, PBB, PBDE, PVC) •Continue compliance with RoHS Directive <sup>□</sup> and maintain and improve the management system	Continue compliance with RoHS Directive and maintain and improve the management system	p. 36
	Control of chemical substances	(Control of chemical substances in products) •Enhance operation of the management system	Determine a management system policy	p. 37
	Green procurement <sup>□</sup>	(Reduction in the use of hazardous chemical substances) •Maintain and update the system for consumer products •Expand green procurement for industrial products (Application of the Nikon Green Procurement Standards) •Maintain and update the standards  •Continue to examine and audit the environmental conservation systems	Consumer products: Maintain and update the system Industrial products: Expand green procurement  Maintain and update the Nikon Green Procurement Standards Continue to examine and audit the environmental conservation systems	pp. 59-60
	Distribution	(Reduction in CO <sub>2</sub> emissions from physical distribution) •Cut 1,200 tons of CO <sub>2</sub> by implementing measures	Cut 850 tons of CO <sub>2</sub> (including transportation between China and Japan)	p. 38
Workplace environment	Energy conservation (prevention of global warming)	(Reduction in GHG <sup>□</sup> emissions [CO <sub>2</sub> emissions from energy use]) •Total CO <sub>2</sub> emissions from Nikon Corporation and Group manufacturing companies in Japan: Reduce to 125,000 tons or less •CO <sub>2</sub> 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 <sub>2</sub> emissions: 93,000 tons)	Total CO <sub>2</sub> emissions: Reduce to 126,000 tons* or less  CO <sub>2</sub> emissions per unit of real output: Reduce by 20% (compared with the year ended March 31, 2006; total CO <sub>2</sub> emissions: 88,000 tons)	pp. 39-40
	Waste reduction	(Zero emissions system) •Achieve Level 4 or higher at Group manufacturing companies in Asia  (Waste reduction) •Waste from Nikon Corporation and Group manufacturing companies in Japan: Maintain levels from the year ended March 31, 2011	Achieve zero emissions level 4 at Hikari Glass Co., Ltd. and NTC Start building a system at Nanjing Nikon and other Group companies  Maintain emission levels from the year ended March 31, 2011	p. 42
Others	Environmental Management System (EMS)	(ISO 14001 integrated certification) •Expand the number of sites acquiring certification	Prepare for introduction at overseas non-manufacturing sites	p. 31
	Biodiversity <sup>□</sup> conservation	•Consider introduction of LIME (Life-cycle Impact assessment Method based on Endpoint modeling)	Evaluate the level of environmental impact of business activities, enhance current actions, and begin new initiatives	pp. 27-28
	Life Cycle Assessment (LCA) <sup>□</sup>	•Consider introduction of LCA (CFP) <sup>□</sup>	Perform LCA estimates	p. 35

\*The CO<sub>2</sub> emissions target for Nikon Corporation and Group manufacturing companies in Japan does not include measures to address the power supply problem.



# Expansion and Promotion of Environmental Management

## Product-related Activities

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

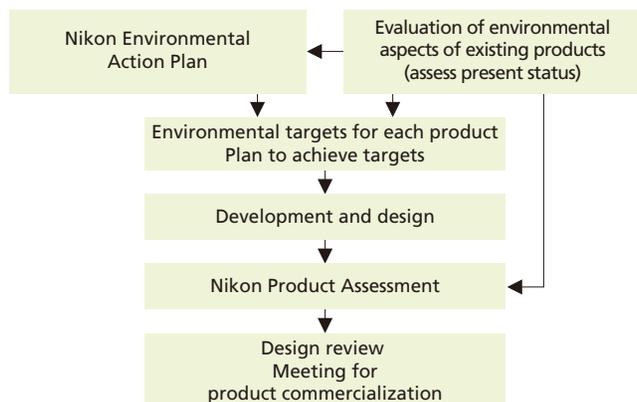
### ► Eco-friendly Product Development

#### Environmentally friendly product development system

The Nikon Group developed an original system for managing environmentally friendly product designs. In operating this system, the Group has continuously strengthened the contents of the Nikon Environmental Action Plan and Nikon Product Assessment (detailed below).

Under this system, we are improving the energy efficiency of our products, saving resources, making use of Eco-glass, lead-free solder, and hexavalent chromium-free plating, and substantially reducing the use of other hazardous chemical substances to produce a greater number of even more eco-friendly products.

#### Management System Flow for Eco-friendly Product Design



#### Nikon Product Assessment

Nikon Corporation established the Nikon Product Assessment system in 1995 with a view to minimizing the environmental impact of its products throughout their lifecycles. Since then we have been implementing this system at the development and design stages to assess and improve products in all product categories of the Nikon Group.

Under the assessment point system, each product is awarded a plus/minus score for each assessment item depending on its merits/demerits. The total scale ranges from -100 to +100 depending on the level of improvement, with 0 points designated to existing models. We also are continuously revising and tightening assessment items and standards.

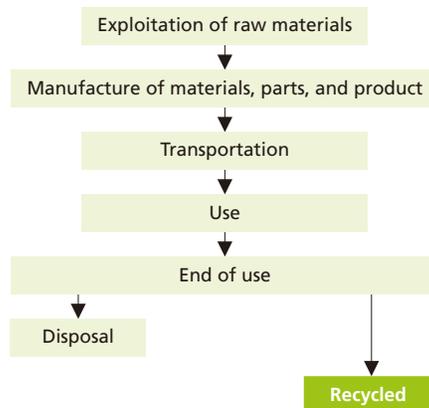
We have already assessed over 1,000 products and units, the average score of which over the past 16 years was +34.0 points. While we are continuing to make the criteria much stricter, the average score over the past eight years has been +52.1 points, which is higher than before, and demonstrates that remarkable environmental improvements have been made to our products.

#### Features of the Nikon Product Assessment System

In a bid to stay ahead of environmental regulations and deteriorating global environmental problems, we set our own standards with our products' properties in mind. We determine the details through full-scale discussions between product developers, material engineers, and other experts.

- 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
- Continues to reduce product mass and volume and the number of parts used in a product
- Improves energy efficiency based on the Nikon energy efficiency formula
- 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. 36)
- Uses lead-free solder on electronic circuit boards (see p. 36)
- Adopts hexavalent chromium-free surface treatment technologies (see p. 36)
- Ensures compliance with environmental regulations
- Makes overall assessments

#### Ordinary lifecycle of a Nikon product



### ► Life Cycle Assessment of Products

Nikon Corporation has introduced LCA (life cycle assessment) methods to assess the environmental impact of Nikon products across their entire life cycles, and is performing this assessment for representative products. We will continue to strive to reduce our environmental impact by expanding the list of target products.

### ►Reducing Hazardous Substances in Products

As a technological initiative to reduce the use of hazardous substances in Nikon products, the Nikon Group developed lead- and arsenic-free Eco-glass<sup>□</sup> and is promoting the use of lead-free soldering technologies and hexavalent chromium-free technologies in surface treatment, as well as eliminating heavy metals from its products. We also employ chemical analysis techniques in our quality assurance departments to prevent the contamination of heavy metals and other hazardous substances.

In the year ended March 31, 2011, we set out to continue compliance with RoHS Directive<sup>□</sup> and to maintain and improve the management system, and we achieved this target.

We will continue our efforts to discontinue the use of hazardous substances in not only products subject to applicable laws and regulations, but also in product categories that lie outside of these requirements.

#### Development of lead- and arsenic-free Eco-glass

In the 1990s, in reaction to the lead and arsenic used in most optical glass at the time being detrimental to the environmental performance of its products, the Nikon Group developed Eco-glass, a type of optical glass that contains no hazardous substances whatsoever. Since then, we have endeavored to use only Eco-glass in optical products. Barring certain products with unique specifications, we have achieved nearly 100% usage of Eco-glass. In the year ended March 31, 2011, Eco-glass usage rates in new designs were 100% for consumer products and 99.6% 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 departments of the Yokohama Plant and Sendai Nikon Corporation, as well as through collaboration with their 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.

We have also added a course on lead-free soldering, in which employees acquire manual soldering skills, 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, 2011, we maintained 100% use of lead-free circuit boards in all our new consumer products, including the digital SLR D7000, and eliminated lead from all new circuit boards used in industrial products (such as steppers and scanners, microscopes, and surveying instruments).

#### Use of hexavalent chromium-free technology in surface treatment

The surface treatment department of the Yokohama Plant 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 rigorously to all Nikon product categories, we have established hexavalent chromium-free technologies in surface treatment.



Motor control board for IC steppers and scanners



Printed circuit board for land surveying equipment

The Nikon Group has created and is practicing 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. In the year ended March 31, 2011, we again achieved our target for discontinuing use of heavy metals in surface treatment (consumer products: ensure the appropriate management of the process, industrial products: discontinue use in new design products).

#### 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<sup>□</sup> system (see pp. 59 - 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.



# Expansion and Promotion of Environmental Management

## ▶ Recycling of Used Products

### 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 subsidiary 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 is keenly aware of the importance of collecting and recycling used products and plans to continue taking appropriate measures in the future.



EU recycling mark

### 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

## ▶ Response to New Regulations on Hazardous Chemical Substances

Around the world today, many new laws and regulations on the use of chemical substances are being created. These laws and regulations are the result of progress made in the creation of international frameworks for the appropriate management of chemical substances, examples of which include the adoption of the Johannesburg Plan of Implementation and SAICM. Following this international trend, the Nikon Group is committed to complying with these laws and regulations for the maintenance of human health and environmental protection.

Of these regulations, REACH Regulation—a system for the registration, evaluation, authorization, and restriction of chemical substances that came into effect in Europe in June 2007—is having a major impact on laws and regulations for chemical substances worldwide. Under REACH Regulation, if a product contains a substance of very high concern (SVHC) that exceeds a certain level, the manufacturer of the product must provide information about the substance to downstream users and consumers. As the list of regulated SVHCs grows longer every year, the Nikon Group meets this requirement by conducting a survey on the use of SVHCs in its products through its supply chain every time new substances are added. We are also limiting the use of SVHCs in our products and increasing the use of parts that do not contain SVHCs as necessary.

In order to achieve compliance with such rules and regulations efficiently, we also need to effectively use IT technologies in our substance management systems. We are developing this IT infrastructure alongside our SVHC surveys.

The Nikon Group's basic approach to REACH Regulation and to laws and regulations for chemical substances in general is summarized in its declaration on compliance with REACH Regulation, which is posted on our website.

**Web** Nikon's declaration on compliance with REACH Regulation

[http://www.nikon.com/about/csr/pdf/Nikon\\_REACH.pdf](http://www.nikon.com/about/csr/pdf/Nikon_REACH.pdf)

## ▶ 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.

## Transportation-related Activities

The Nikon Group is engaged in a number of initiatives to reduce CO<sub>2</sub> emissions in transportation 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 CO<sub>2</sub> emissions in transportation by identifying its distribution routes including those of Group manufacturing companies in Japan, and obtaining numerical data on transportation volumes and CO<sub>2</sub> emissions. In Japan, 2,240 tons of CO<sub>2</sub> were emitted through distribution in the year ended March 31, 2011. This translates to a 14.7% reduction from the year ended March 31, 2007, and thus achieves our target of 14% or more (per net sales). We also conducted surveys on the current situation in Asia to obtain data on CO<sub>2</sub> emissions between Japan and the rest of Asia.

### ►Promoting Modal Shifts

#### Modal shift in multimodal transportation

Sendai Nikon Corporation was delivering the unit parts of digital cameras to Nikon Imaging (China) Co., Ltd., its manufacturing base in China, by transporting them from Miyagi Prefecture to Narita by truck and then from Narita to Shanghai by air.

To reduce both the cost and environmental impact of this delivery, the company has changed the domestic transportation route to the Miyagi-to-Fukuoka route and also changed the transportation from truck to rail. Moreover, the unit parts are now transported from Fukuoka to Shanghai by ship with low environmental impact. Thus fostering a modal shift in multimodal transportation, the company has achieved both its reduction targets.

#### Expanding our modal shift initiative

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 and will further increase the rate for products that meet the conditions for this mode of transport (see p. 12).

### ►Promoting Eco-driving

Nikon Business Service Co., Ltd., which oversees transportation of goods for the Nikon Group, has installed digital tachographs on all of its tractor-trailers. These devices record varied information such as driving routes, departure and arrival times, maximum speeds on local roads and expressways, number of sudden starts, sudden accelerations and brakings, 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. In October 2010, two of our drivers competed in the professional drivers' category of the Tokyo Eco Driving Contest hosted by the Tokyo Metropolitan Government.

While neither won an award, participating in the contest, which comprehensively evaluates drivers on their eco-driving performance, allowed them to reaffirm their understanding of day-to-day driving methods.

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



Tokyo Eco Driving Contest 2010

### ►“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 air-conditioning (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.

### ►Low-pollution Vehicles

The Kumagaya Plant employs three natural gas-fueled buses as commuter buses with the aim of reducing CO<sub>2</sub> emissions.

Nikon Business Service is also gradually replacing its transportation trucks with fuel-efficient vehicles and plans to expand its fleet of vehicles powered by natural gas.



# Expansion and Promotion of Environmental Management

## Workplace-related Activities

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

### ▶ Reducing CO<sub>2</sub> emissions

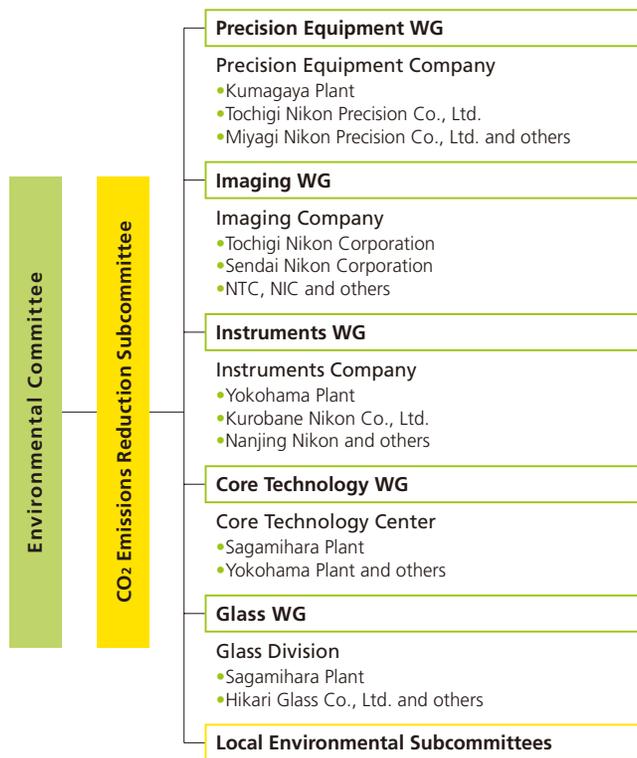
The entire Nikon Group implements various measures to reduce CO<sub>2</sub> emissions based on the mindset of continuously growing our business while protecting the environment. We will continue to include CO<sub>2</sub> emissions reduction as one of our management priorities as we work to create a low-carbon society through measures including thorough energy conservation, making use of natural energy, and offering products with high energy efficiency<sup>□</sup> throughout their lifecycles.

### Promoting the reduction of CO<sub>2</sub> emissions

The Nikon Group is making efforts to reduce CO<sub>2</sub> emissions, centered on the CO<sub>2</sub> Emissions Reduction Subcommittee comprised of working groups from in-house companies and business segments that emit large amounts of CO<sub>2</sub>.

In addition to activities carried out independently by workplaces, 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 CO<sub>2</sub> emissions that are in line with each business form.

#### The CO<sub>2</sub> Emissions Reduction Subcommittee



\*Head Office and plants not included in WGs

\*WG: Working Group

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

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

### Medium- to long-term vision to reduce CO<sub>2</sub> emissions

The Nikon Group is working to reduce CO<sub>2</sub> emissions in accordance with international consensus to cut the world's greenhouse gases (GHG)<sup>□</sup> emissions to half current levels by 2050, as well as Japan's medium- to long-term target to reduce the country's GHG emissions by 25% of the 1990 level by 2020, and by 80% by 2050.

Under the management of the CO<sub>2</sub> Emissions Reduction Subcommittee each unit and sites establish their own reduction targets and implement various measures to reduce CO<sub>2</sub> emissions. To this end we are enacting initiatives through the entire product life cycle —such as promoting activities in which departments demonstrate their independence— via the visualization of power consumption, target management, and awareness-raising activities for employees.

Considering the current tight power supply situation, the Nikon Group is inspecting its ordinary energy usage once again and working toward even more thorough power conservation, including the saving electricity. The Nikon Group is also constantly carrying out other measures, including the revision of its mid- to long-term CO<sub>2</sub> emissions targets.

#### Global Environmental Conservation in the Nikon Group

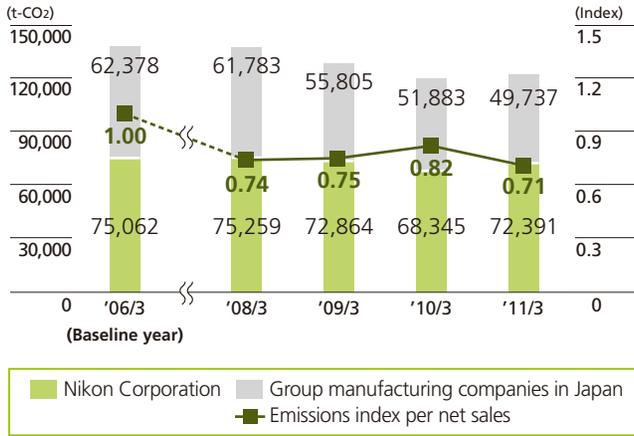


**CO<sub>2</sub> emissions from Nikon Group companies in Japan**

The Nikon Group is working continuously to reduce its CO<sub>2</sub> 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 natural energy.

In the year ended March 31, 2011, the total CO<sub>2</sub> emissions reduction of Nikon Group companies in Japan was 122,000 tons, resulting in achievement of the target, which was set to 128,000 tons.

**CO<sub>2</sub> Emissions from Nikon Group Companies in Japan**



\*CO<sub>2</sub> emissions for the year ended March 31, 2006 were calculated using the emissions factor for the fiscal year, while those in other fiscal years were calculated using the factor for the year ended March 31, 2007.  
 \*The baseline year for calculating the CO<sub>2</sub> emissions index per net sales is set as the year ended March 2006 (year ended March 31, 2006 = 1).

**Examples of CO<sub>2</sub> emissions-reduction measures by Nikon Group companies in Japan**

**■ Introduction of a steamless HVAC system**

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



Heat pump chiller equipment of the steamless HVAC system

**■ Full-scale operation of a solar power generation system**

The Kumagaya Plant began full-scale operation of a solar power generation system in January 2010. Under this research project jointly conducted with the New Energy and Industrial Technology Development Organization (NEDO), the plant generates at least 100,000 kWh of power per year, which results in a reduction of CO<sub>2</sub> emissions by about 50 tons.



(Left) Monitor showing the amount of power generated in real time  
 (Right) Solar power generation panel

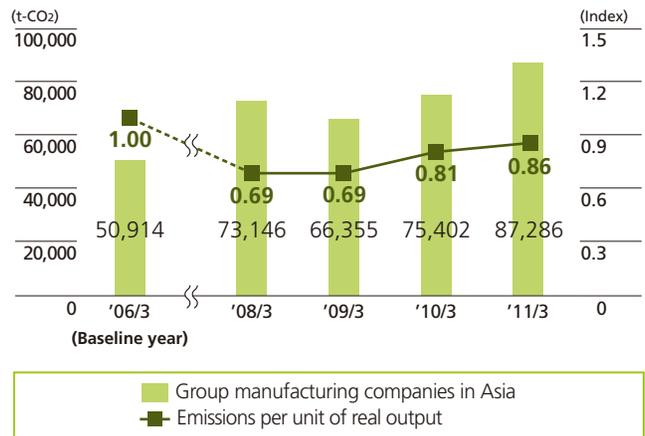


**CO<sub>2</sub> emissions from Group manufacturing companies in Asia**

In the year ended March 31, 2011, the CO<sub>2</sub> emissions per unit of real output\* from Group manufacturing companies in Asia was reduced by 14% to 87,000 tons of CO<sub>2</sub> emitted. In this way they fully cleared their target of reducing emissions by 5% to 93,000 tons of CO<sub>2</sub> emitted.

\*In February 2011, the CO<sub>2</sub> emissions targets were changed from those based on emissions per net sales to those based on real output (in-house criteria) in order to reflect the productivity of the manufacturing facilities and eliminate the influence of exchange rate fluctuations.

**CO<sub>2</sub> Emissions from Group Manufacturing Companies in Asia**



\*Scope of data: NIC and NTC  
 \*CO<sub>2</sub> emissions were calculated using the local emission factor for the year ended March 31, 2004.  
 \*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 CO<sub>2</sub> emissions-reduction measures by Group manufacturing companies in Asia**

**■ Introduction of solar powered LED lighting**

Nikon (Thailand) Co., Ltd. has installed LED outdoor lights that utilize solar power generation at 42 locations around its plant grounds. In this way they have reduced their annual CO<sub>2</sub> emissions by around 27 tons.



Solar powered LED outdoor lights



# Expansion and Promotion of Environmental Management

## ► Voluntary Efforts by Overseas Non-manufacturing Sites

### Conserving energy at offices

When Nikon GmbH (Germany) remodeled its office building in 2009, it changed the material of its walls to a substance that blocks out external noise and sunlight. In this way they accomplished a 30% reduction in noise, thermal insulating properties were improved, and it became possible to conserve energy by approximately 23% in winter and 5% in summer. Nikon GmbH has also been introducing cogeneration systems for cooling and heating its offices, reducing its power consumption by around 30%.



Office building after remodeling (Nikon GmbH)

### Using natural 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.



(Right) Heat pump system (Nikon AG)  
(Left) Certificate for green electricity (Nikon Europe B.V.)

### In-house campaigns

Since March 2011, Nikon Imaging Korea Co., Ltd. (Korea) has been holding a campaign to reduce the amount of paper cups it uses. Under the slogan of "Reducing the usage of just one cup per day can change NIKC (Nikon Imaging Korea Co., Ltd.)," the entire company is taking part in this activity, which is also connected to cutting costs as well as saving resources and minimizing waste generation.

### Promoting "eco-commuting"

Nikon U.K. Ltd. (the United Kingdom) is encouraging employees to commute to work by bicycle, a mode of transport that is little influenced by traffic jams and does not produce noise or CO<sub>2</sub> emissions. A shower room has been installed in the office, and the company is also expanding its bicycle parking area.

Nikon GmbH is also promoting methods of commuting with little environmental impact, such as car pooling and the proactive use of public transportation.



Employee commuting by bicycle (Nikon U.K. Ltd.)

## ► 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 sites.

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 CO<sub>2</sub> emissions, resulting in elimination of the release of SOx<sup>□</sup> as well as reduced emissions of dust and NOx. <sup>□</sup>

### Protecting water resources

The Nikon Group's manufacturing sites are promoting the reuse of wastewater from production processes and curbing their water consumption through activities in which all employees participate (see p. 46).

For example the Ohi Plant is currently replacing water-cooled HVAC devices with air-cooled models and the dishwashers used in the canteen kitchen with smaller machines, improving their wastewater treatment facilities, and installing water-saving tap plugs. Water is also saved by using stored rainwater for the flushing of toilets in the West Building.

## ► Toward Zero Emissions

In the year ended March 31, 2009, the Nikon Group introduced level-specific indicators to the definition of zero emissions.

So far, a total of 12 sites belonging to Nikon Corporation and Group manufacturing companies in Japan (excluding Hikari Glass Co., Ltd.) have achieved level 1 zero emissions (see p. 45).

### Zero emissions level-specific indicators

- 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%

### Progress made at Nikon Corporation

Due to an increase in the production amount, the total amount of waste generated by Nikon Corporation increased by 7.4% year-on-year in the year ended March 31, 2011. However, the resource recycling rate was 99.4% and the final landfill disposal rate improved to 0.23%, enabling the company to maintain its level 1 zero emissions system (see pp. 45 - 46).

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 of resources and cost savings.

### Progress made at Group manufacturing companies in Japan

Due to an increase in their production amount, Group manufacturing companies in Japan (excluding Hikari Glass) increased their total amount of waste by 4.4% year-on-year in the year ended March 31, 2011. However, their recycling rate was 98.4% and their final landfill disposal rate improved to 0.2%, maintaining their level 1 zero emissions systems (see pp. 45 - 46).

In addition, the Akita Plant of Hikari Glass recycles a portion of Eco-glass  from waste glass that is to be disposed of in landfills and brick, commissioning its treatment to a waste recycling company that recycles and sells it as roadbed and other materials. In this way the plant successfully undertakes recycling and has minimized any increase in related costs to create a level 4 zero emissions system.

### Recycling of waste glass and brick (Akita Plant of Hikari Glass Co., Ltd.)



Before recycling



During the recycling process



After recycling

### Progress made at Group manufacturing companies in Asia

Nikon Imaging (China) Co., Ltd. began activities towards zero emissions during the year ended March 31, 2009. In the first year, the company worked to gain an understanding of the current situation and considered disposal methods other than sending waste to landfills according to waste type. It also gradually switched waste treatment companies from those that were unable to offer recycling and other such services. As a result, their landfill disposal rate was 0.67% in the year ended March 31, 2011—a significant decrease from the rate of 18.2% from before beginning these activities—accomplishing a less than 1% rate for two successive years. Nikon Imaging (China) will confirm the treatment processes of its waste treatment companies and aim to declare its intention to reach level 1 zero emissions. At present, it is also continually carrying out education to raise awareness regarding the separation of garbage. In the future, Nikon Imaging (China) will work to recycle waste produced through the cleaning process.

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 produced by wastewater treatment of surface and lens process in a cement kiln for recycling as a material used in industrial cement. As a result of these efforts, the company's landfill disposal rate was 25% in the year ended March 31, 2011, and it achieved its voluntary target of constructing a system with a rate of 25% or less.

## ► Waste Reduction

Excluding valuable resources, the amount of waste produced during the year ended March 31, 2011 by Nikon Corporation was 3,081 tons, while that by Group manufacturing companies in Japan was 863 tons. The combined target for both Nikon Corporation and Group manufacturing companies in Japan was a 23% reduction compared to the year ended March 31, 2006, however, due to factors such as an increased amount of sludge, the amount of waste was only reduced by 8.7% and the target was not reached; the amount increased by 7.1% for Nikon Corporation and decreased by 40% for Group manufacturing companies in Japan.



# Expansion and Promotion of Environmental Management

## ▶ 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 a professional 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 sites have been using this guide to manage the chemical substances used at their sites, including quantity management from purchase and use through to disposal, and MSDS-based management of safety in handling and disposal. 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 (see p. 45).

### ▶ 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 the year, and at the former No. 1 building site in June 2010. The plant is now purifying the underground water by pumping it, and regularly monitors its quality, which will continue to do in compliance with related laws to ensure that there will be no adverse effects on surrounding areas.

### ▶ Underground water inspection at the Mito Plant of Tochigi Nikon Precision Co., Ltd.

The Mito Plant of Tochigi Nikon Precision (formerly Mito Nikon Precision Corporation) began the purification of contaminated underground water confirmed in 2008 by pumping it in February 2009. The Mito Plant site, as well as its ancillary buildings and facilities, was sold on January 27, 2011, and the buyer of the plant has continued carrying out these measures to purify the underground water.

### ▶ Soil survey results and a part of alienation at the Yokohama Plant of Nikon Corporation

Together with a part of alienation at the Yokohama Plant, a soil survey was performed based on 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 turned over, and measures will be taken to replace the soil as necessary.

## Acquisition of ISO 14001<sup>□</sup> Certification (Nikon Corporation)

	Integrated certification	Independent certification	Location
Company-wide certification	Oct. 2004	—	Tokyo
Ohi Plant	(Oct. 2004)	Jul. 1998	Tokyo
Yokohama Plant	(Oct. 2004)	Oct. 1998	Kanagawa
Mito Plant	(Jun. 2005)	Apr. 1999	Ibaraki
Head Office	(Sept. 2005)	—	Tokyo
Sagamihara Plant	(Sept. 2005)	Aug. 1998	Kanagawa
Kumagaya Plant	(Sept. 2005)	Aug. 1998	Saitama

## Acquisition of ISO 14001 Certification (Group companies)

	Integrated certification	Independent certification	Location
Sendai Nikon Corporation	(Apr. 2006)	Mar. 1997	Miyagi
Miyagi Nikon Precision Co., Ltd.	(Apr. 2006)	Mar. 1999	Miyagi
Tochigi Nikon Corporation / Tochigi Nikon Precision Co., Ltd.	(Sept. 2006)	Sept. 1999	Tochigi
Kurobane Nikon Co., Ltd.	(Sept. 2006)	Dec. 1999	Tochigi
Nasu Nikon Co., Ltd.	—	Dec. 1999	Tochigi
Aichi Nikon Co., Ltd.	—	Dec. 1999	Aichi
Hikari Glass Co., Ltd.	(Nov. 2007)	Mar. 2004 (Akita Plant)	Akita
Nikon Instech Co., Ltd.	(Nov. 2007)	Mar. 2004	Tokyo
Nikon TEC Corporation	(Feb. 2009)	—	Tokyo
TNI Industry Co., Ltd. Nagai Factory	(Nov. 2007)	Nov. 2004	Yamagata
Nikon Vision Co., Ltd.	(Nov. 2007)	—	Tokyo
Nikon Imaging (China) Co., Ltd.	(Nov. 2007)	Jun. 2005	China
Nikon (Thailand) Co., Ltd.	(Nov. 2007)	Nov. 2006	Thailand
Hikari Glass (Changzhou) Optics Co., Ltd.	(Feb. 2009)	—	China
Nanjing Nikon	(Oct. 2010)	—	China

## Environmental Accounting<sup>□</sup>

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, and others.

Applicable Period: April 1, 2010 to March 31, 2011

\*Costs which could not be clarified are in principle not included in these accounts.

\*Depreciation and amortization have 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 cost.

\*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.

\*Only substantial effects deducible based on sound reasons are included as economic effects of environmental conservation measures.

\*"Location" refers to the location of the major plants of Group companies that have acquired this certification.

## Cost of Environmental Protection

Unit: millions of yen

Category		Main activities	Investment	Expenses	Total
Product environment	Product development, energy efficiency, <sup>□</sup> and reduction in use of hazardous chemical substances	Energy-saving design, compliance with REACH Regulations, <sup>□</sup> etc.	1	188	189
	Green procurement <sup>□</sup>	Nikon Green Procurement Standards, etc.	—	14	14
	Packaging & distribution	Eco-driving workshops, use of digital tachographs, etc.	—	2	2
	Product environment subtotal		1	204	205
Workplace environment	Energy saving	Upgrading air-conditioning systems, installation of inverter-equipped systems, etc.	477	18	495
	Waste reduction	Maintaining zero emissions <sup>□</sup> systems, waste reduction, etc.	6	31	37
	Reduction in use of hazardous chemical substances	Disposal and management of unnecessary chemical substances, etc.	—	—	—
	Green purchasing <sup>□</sup>	Promoting purchase of eco-friendly materials, etc.	—	1	1
	Improvements to workplace	Improvement in workplace environmental performance, etc.	—	2	2
	Workplace environment subtotal		483	52	535
	Legal compliance / operation and maintenance	Management of equipment for processing gaseous emissions and effluents, maintenance of noise / vibration emitting facilities, waste management, recycling, control of dangerous substances, etc.	279	1,014	1,293
	Administration	ISO 14001 (administering Environmental Management System (EMS), workplace education), social contribution activities, planting trees, etc.	2	525	527
	Grand total		765	1,795	2,560

## Cost of Environmental Protection Classified According to Guidelines of the Japanese Ministry of the Environment

Unit: millions of yen

Category		Main activities	Investment	Expenses	Total	Economic effect
Costs within business establishment area			758	924	1,682	170
	Pollution prevention costs	Management of equipment for processing gaseous emissions and effluents, maintenance of noise/vibration-emitting facilities, etc.	178	410	588	—
	Global environment protection costs	Energy conservation, reduction in use of hazardous chemical substances, control of dangerous substances, etc.	573	216	789	91
	Resource recycling costs	Waste reduction, waste management, recycling, maintenance of zero emissions systems, etc.	7	298	305	79
Upstream/downstream costs		Application of Nikon Green Procurement Standards, hazardous chemical substance surveys, use of digital tachographs, etc.	—	16	16	—
Administration costs		ISO 14001 (administering Environmental Management System (EMS), workplace education), etc.	6	603	609	—
R&D costs		Creating energy-efficient designs, REACH Regulation compliance, etc.	1	189	190	—
Social activity costs		Social contribution activities, sponsorship activities, public relations, etc.	—	57	57	—
Environmental damage costs		Soil treatment costs, pollution load levy, etc.	—	6	6	—
Grand total			765	1,795	2,560	170



# Expansion and Promotion of Environmental Management

Energy Use (Nikon Group companies in Japan)



■ Nikon Corporation ■ Group manufacturing companies in Japan  
 ■ Energy use per net sales

\*The baseline year for calculating the energy use index per net sales is set as the year ended March 2006. (Year ended March 31, 2006 = 1)

CO<sub>2</sub> Emissions (Nikon Group companies in Japan)



■ Nikon Corporation ■ Group manufacturing companies in Japan  
 ■ CO<sub>2</sub> emissions per net sales

\*CO<sub>2</sub> emissions for the year ended March 31, 2010 and the year ended March 31, 2011 were calculated using the emission factor for the year ended March 31, 2010.  
 \*The baseline year for calculating the CO<sub>2</sub> emissions index per net sales is set as the year ended March 2006. (Year ended March 31, 2006 = 1)

PRTR Survey Results (year ended March 31, 2011)

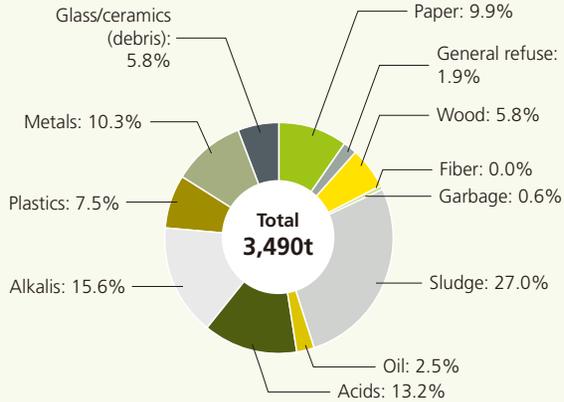
Facility	Substance no.	Substance name	Volume handled	Amount released			Amount transferred		Amount in on-site landfill	Amount removed for processing	Amount shipped in product	
				Air	Public water	Soil	Sewage	Waste				
Nikon Corporation	Yokohama Plant	20	2-aminoethanol	1,019	0	0	0	0	847	0	172	0
	Sagamihara Plant	384	1-bromopropane	22,763	22,522	0	0	227	13	0	0	0
Group manufacturing companies in Japan		405	Boron compounds	3,636	5	0	0	0	1,485	0	0	2,146
	Tochigi Nikon Precision Co., Ltd.	384	1-bromopropane	10,159	8,296	0	0	0	0	0	0	1,863
	Sendai Nikon Corporation	88	Hexavalent chromium compounds	2,658	0	0	0	0	190	0	2,468	0
		87	Chromium and trivalent chromium compounds	2,468	0	0	0	0	0	0	0	2,468
		300	Toluene	2,587	1,960	0	0	0	627	0	0	0
	Kurobane Nikon Co., Ltd.	384	1-bromopropane	28,733	21,872	0	0	0	6,861	0	0	0
		71	Ferric chloride	4,815	0	0	0	0	4,815	0	0	0
	Hikari Glass Co., Ltd. Akita Plant	384	1-bromopropane	7,950	3,625	0	0	0	4,325	0	0	0
		405	Boron compounds	91,374	128	7	0	0	11,833	0	0	79,406
	TNI Industry Co., Ltd. Nagai Factory	384	1-bromopropane	1,015	761	0	0	0	254	0	0	0
		300	Toluene	1,624	1,473	0	0	0	151	0	0	0
	TNI Industry Co., Ltd. Otawara Factory	185	Dichloropenta-fluoropropane	1,325	1,152	0	0	0	0	0	0	173
<b>Total</b>			182,125	61,794	7	0	227	31,401	0	2,640	86,056	

\*The Ohi Plant, Kumagaya 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.

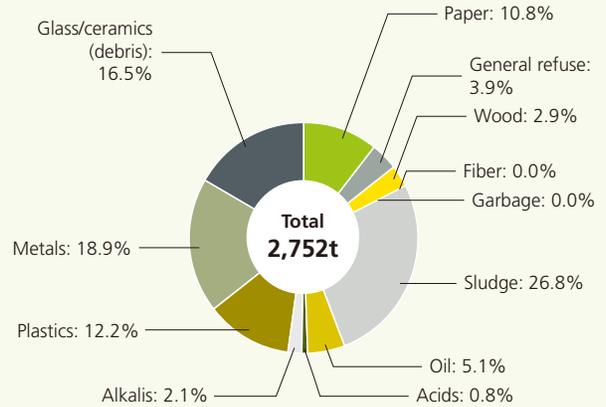
Achievement of Zero Emissions Level 1 of the Nikon Group

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

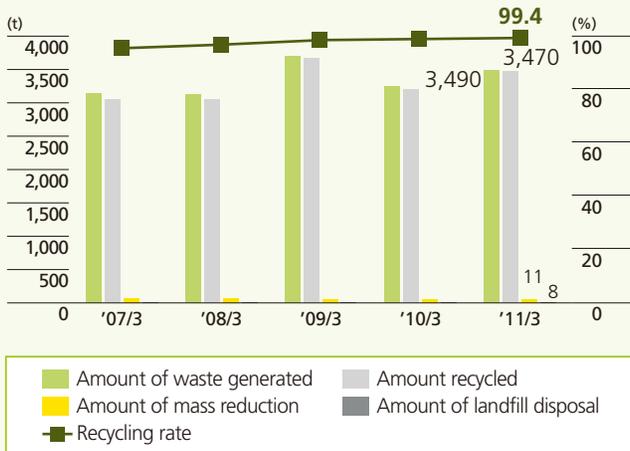
**Waste by Category (in the year ended March 31, 2011)  
(Nikon's plants)**



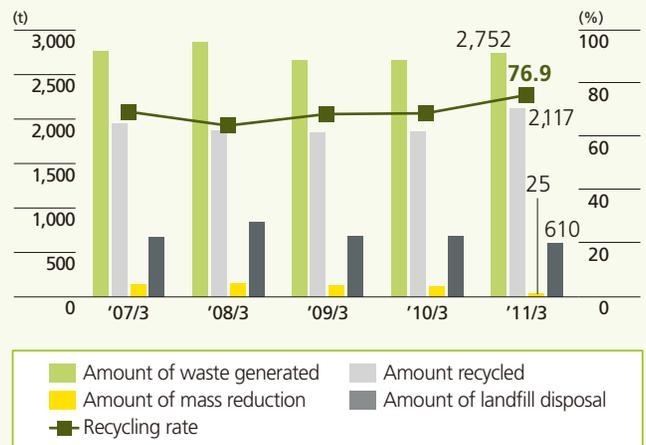
**Waste by Category (in the year ended March 31, 2011)  
(Group Manufacturing Companies in Japan)**



**Discharge, Disposal, and Recycling of Waste  
(Nikon's plants)**



**Discharge, Disposal, and Recycling of Waste  
(Group manufacturing companies in Japan)**



\*The data for the year ended March 31, 2007 and the year ended March 31, 2008 do not include the TNI Industry Co., Ltd. Aizu Factory.

**Water Use  
(Nikon Group companies in Japan)**



**Rate of Green Purchasing<sup>□</sup>  
(purchases of specified goods as %) (Nikon Corporation)**



\*Total water usage is not always identical to the sum of the constituents because of rounding.

Highlights

## Sharing a Global Awareness with the "Nikon Code of Conduct"

Until now, the Nikon Group has gone about promoting compliance at Group companies in Japan and overseas using as a standard of behavior, the Nikon Code of Conduct for companies in Japan, and individual code of conduct for overseas companies, which has been built upon the basic concepts in the Nikon Code of Conduct. In April 2011, the Nikon Code of Conduct was revised to make it applicable to Group companies everywhere in order to strengthen internal control  across the entire Group.

The revised Nikon Code of Conduct reflects the Nikon Group's endorsement of the UN Global Compact  in July 2007 and the publication of ISO 26000  in November 2010, placing emphasis on a more international CSR  perspective of human rights,

CSR-oriented procurement,  anti-corruption, and other issues, and organizing all items in more concise language.

In Japan, booklets explaining the content of the revised Code of Conduct were distributed to all employees.

The Nikon Group will continue in its effort to increase understanding of the Nikon Code of Conduct to help each employee maintain an awareness of compliance and make the most appropriate judgments in their work.



Educational booklet distributed in Japan

### Making compliance more accessible

Compliance is often perceived as a difficult issue, so we in the Compliance Section are doing various things to make it a more accessible endeavor, such as by providing information through the intranet and holding quizzes during Compliance Month. I'm in charge of creating and sending out the in-house compliance newsletter, so I plan to write about the Nikon Code of Conduct in future newsletters. My goal is to make our newsletters more accessible and easy to follow so that everyone can reach a personal understanding of compliance.

Misa Teramoto Compliance Section, CSR Department, Corporate Planning Headquarters, Nikon Corporation

### Voice

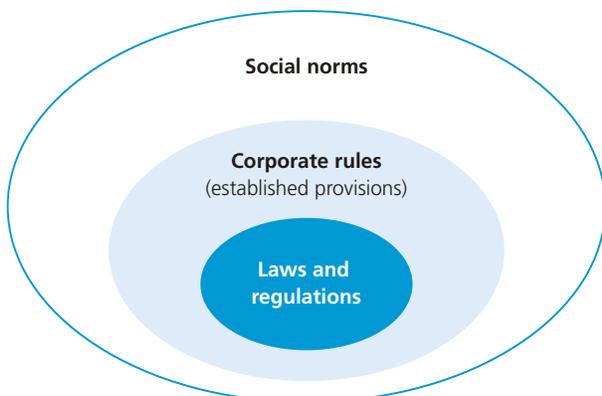


## Global Promotion of Compliance Activities

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.

### ► Compliance in the Nikon Group

#### The Nikon Group's Definition of Compliance



All three are considered to be a part of compliance.

#### Definition of Compliance

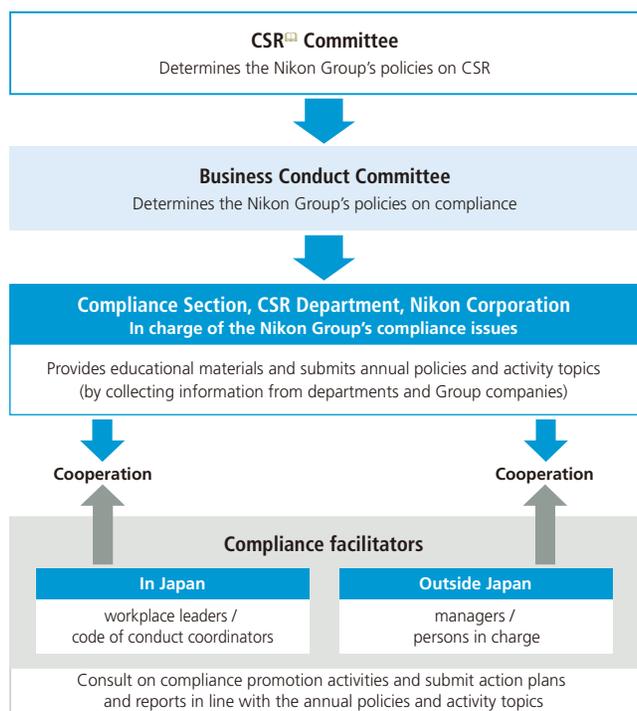
The Nikon Group defines compliance as "meeting the expectations of stakeholders  and earning their trust by not only complying with laws and regulations, but also conducting business activities that are sound, fair, and conform to corporate rules and social norms."

#### Compliance Promotion

In the Nikon Group, 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.

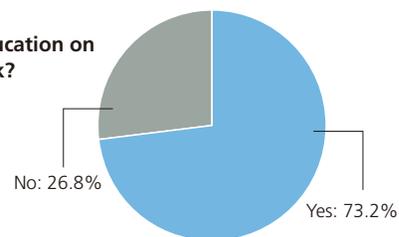
### Compliance Promotion



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.

### Compliance Awareness Survey Results (conducted Oct. 2010; 11,243 respondents)

Q. In the last year, did you receive education on compliance at work?



### 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. In the fiscal year ended March 31, 2011, the hotline was used 32 times, and these matters are now being dealt with in cooperation with the relevant departments. The Code of Conduct Hotline protects the privacy of its users and ensures that they do not experience any prejudicial treatment. Our overseas Group companies have also established compliance reporting and consultation hotlines and are informing their employees about services.

## Compliance Promotion Activities

### Compliance education

In the fiscal year ended March 31, 2011, educational activities with a focus on workplace communication and engineering ethics were conducted at Group companies in Japan, with compliance facilitators selecting the issues most relevant to their workplace from a set of issues prepared by the Compliance Section.

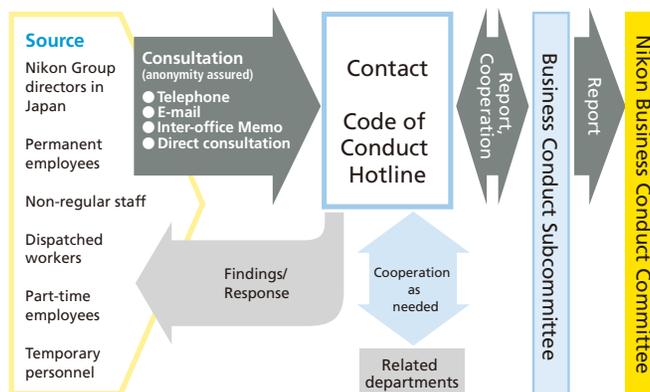
Meanwhile, overseas Group companies held group readings of educational materials, group educational events, and other activities geared toward familiarizing all employees with their respective company's Code of Conduct and the UN Global Compact.

We also provide compliance education as part of the initial training for regular employees and mid-career workers, as well as education and training in response to individual requests. Compliance section also obtains the latest information on compliance by attending conferences on business ethics hosted by external organizations.

### Compliance awareness survey (monitoring)

Every year in October, we conduct a compliance awareness survey targeting employees of Nikon Group companies in Japan. With response rates declining (76% in 2008, 72% in 2009) in previous years, in 2010—the fourth year in which an awareness survey targeting all employees was conducted—we more actively encouraged participation from employees, and achieved an 84% (11,243 employees) response rate. 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 directly explains the results, offers advice, and requests that improvements be made.

### Code of Conduct Hotline Flow Diagram (Japan)



### Preventing violations

The Nikon Group takes disciplinary 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 fiscal year ended March 31, 2011, disciplinary action was taken regarding five cases of violation at Nikon Corporation and two at Group companies in Japan. In order to prevent the recurrence of similar problems, the circumstances and basic details of the disciplinary action are disclosed internally.

## Highlights

## Strengthening Risk Management Systems for Increasing Globalization

Nikon Corporation is working to consolidate information management functions and on other measures to proactively eliminate risks to employees assigned overseas and to minimize the damage caused by such risks in the event that they materialize.

In 2008 the Nikon Group established its "Nikon Group Risk Management Rules for Employees Assigned Overseas," which sets forth rules to help prepare for risks caused by such factors as national and international conflict, infectious disease, and earthquakes, and to respond quickly to such events when they arise.

We are also developing our information system that enables smooth communication with employees overseas in case of emergency and raising awareness of the system across the Nikon Group, while developing ways to give our employees, as well as

their accompanying family members, peace of mind when living overseas, for example by traveling to and investigating the situation in developing countries where business is expanding before the employees are sent there.

The Nikon Group also provides cross-cultural training, with the understanding that deepening our employees' understanding of local cultures is an important way to manage the dangers they face when living overseas.



Cross-cultural training

### Providing support for carefree overseas transfers

Technology-based solutions such as information management systems are important indeed, however, we also believe it is important to provide employees with educational support and training before they move, focused on certain topics like cultural differences and overseas risk management. The act of moving abroad itself involves a considerable amount of pressure, moreover, when the destination is a developing country or a politically unstable region, an overseas transfer can have serious consequences for the physical health and even life of not only the employee but also his/her family. To make overseas transfers as stress-free as possible, we work on a daily basis to collect the latest information, conduct educational activities, and perform other supportive tasks.

**Jeon Soonmi** Global Management Section, Human Resources Department, Business Administration Center, Nikon Corporation

### Voice



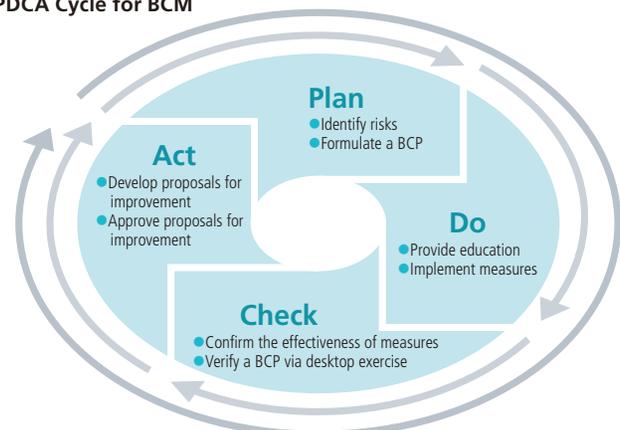
## Implementation of a Risk Management PDCA Cycle

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. At present, the committee is also working on information security, management of risks for employees assigned overseas, and measures against pandemic influenza. The Nikon Group regards it as part of its social responsibility to ensure business continuity and has established an Integrated Disaster Prevention and BCM  Committee to deal with risks associated with major earthquakes and fires. Drawing on the experience gained from our response to

PDCA Cycle for BCM



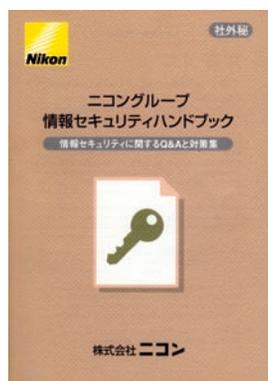
the earthquake and tsunami that struck eastern Japan in March 2011, we will revise our BCP to prepare for an earthquake in the Tokyo region, and will conduct education and trainings for our employees to enhance our risk management capabilities.

## ▶ 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.

In the fiscal year ended March 31, 2011, our efforts focused on making 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. We have expanded the scope of the emergency support to help these employees deal with region-specific risks (illness, disasters, accidents, and crime) to include employees locally employed by Group companies in addition to employees assigned overseas from Japan.

We have enhanced our information system to communicate smoothly with employees assigned overseas in case of emergency, and have validated the use of our "safety confirmation system" we use in Japan. We strive to collect the latest information, particularly when it comes to 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 conduct prior training for employees to be sent overseas, as well as special education for managers and emergency drills to enhance risk management training. As one concrete example of the various efforts we are making in the area of risk management, we set up a Nikon Support Desk (phone consultation hotline) to be used by local employees.



A local tour

### Measures against pandemic influenza

Taking advantage of our experience in preventing infection and the spread of infection among employees during the global outbreak of a pandemic influenza (H1N1) in 2009, the Nikon Group revised its action plan to include greater detail and increased awareness of the plan throughout the Group. We are also continuing activities to prepare for the next spread of the H1N1 virus or another highly pathogenic influenza strain. These include information gathering, desktop exercises, and replenishing and increasing medical and emergency stockpiles. We have also established an information system to facilitate information sharing.



A desktop exercise

### Enhancing export controls

Nikon Corporation has formulated its Operation Guidelines for Provision of Technical Information to enhance control of the provision of technical information in addition to the existing export control. The Nikon Group is striving to raise awareness of export control, including control over the transmission of technical explanation through e-mail, by holding e-learning for all employees and information sessions. The Nikon Group is especially diligent about export control with regard to our Precision Equipment Company, which handles an exceptional amount of technical information.

Moreover, export control audits were performed on 10 departments at Nikon Corporation and 12 Group companies in Japan.

## Highlights

### Educating Employees and Fostering Their Understanding on the UN Global Compact

In 2007, the Nikon Group expressed its support of the UN Global Compact.

In the fiscal year ended March 31, 2011, we conducted training for all employees in the Nikon Group to develop understanding about the 10 principles of the UN Global Compact.

#### Education at Overseas Group Companies

For employees at overseas Group companies, we provided education through “Compliance facilitators” who have been assigned for various companies and regions. Offering translated materials as needed, our goal was to have all employees complete the education program. By the end of fiscal 2011, 28 out of the 32 consolidated companies in the Nikon Group completed the program. Three companies are set to finish by the end of June 2011, and one company is in the process of creating a CSR promoting system.

In the coming year and thereafter, we will make sure that all employees complete the program, and we will also provide educational opportunities for entry-level and mid-career recruits.



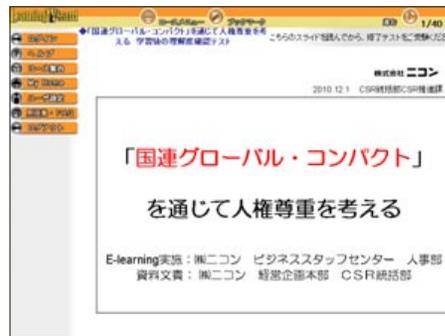
Posters displayed at Nikon (Thailand) Co., Ltd. (during “CSR & Safety Week” held in February 2011)

#### Education at Group Companies in Japan

In Japan, we educated employees using our e-learning system, which can also be used by Nikon Group companies. In the fiscal year ended March 31, 2011, we focused on the human rights principles of the UN Global Compact, and held educational sessions in conjunction with the international Human Rights Day in December. As of March 31, 2011, 12,281 trainees out of 13,435 completed the program—a completion rate of 91.4%. The remainder includes employees on long-term overseas business trips, employees on childcare leave, and Group companies whose employees have not been counted due to the Great East Japan Earthquake.

In the coming year and thereafter, we will encourage all employees to complete the program and also provide opportunities for entry-level and mid-career recruits to attend.

At the same time, Nikon Corporation conducted e-learning entitled “Working Hours and Nikon Corporation’s Child and Family Care Systems” to increase our employees’ understanding of work-life balance and encourage them to make use of these systems.



A screen image from the e-learning used for Nikon Group companies in Japan



#### Overseeing e-learning programs for human rights education

I played a role in the secretariat to organize e-learning sessions for all Nikon Group employees in Japan called “Human Rights in the UN Global Compact,” to instill an understanding about the 10 Principles of the UN Global Compact to the employees. We have also developed a paper-based study system for employees without adequate access to the Internet. I found the experience this time to be very valuable since I hadn’t had enough knowledge before about human rights. I will continue to promote understanding of human rights by using e-learning system.

Yuichi Hatakeyama Career Development Section, Human Resources Department, Business Administration Center, Nikon Corporation

Voice

## 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.

### ► Monitoring Group Companies

In March 2010, we conducted a CSR<sup>□</sup> survey of all Nikon Group companies (59 companies in total) to strengthen management of human rights and labor-related issues. This is the first comprehensive questionnaire directed at assessing the performance of each company using common indicators and terms provided by the GRI guidelines.<sup>□</sup> While no problems with regard to child labor or enforced labor were identified and no serious issues were discovered overall, some questionnaires revealed a need for improvement in small areas. For those issues, we have taken necessary actions, such as asking a company in question to make improvements.

In the fiscal year ending March 31, 2012, we will conduct another survey to shed light on the challenges involved in promoting the advancement of women in the workplace and of physically and intellectually challenged employees. We will continue our annual monitoring initiative and use these surveys to understand company performance, review our management policies, and raise sensitiveness to these kinds of issues at each group company.

### ► 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 requirements of each level. We have a dual-track system, 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 who serves as an organizational leader. To make use of this system and support employees in their career development, employees who are soon to make a choice between the two can attend career planning sessions. 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, 2011, Nikon Corporation held a total of 165 stratified training and business skills training courses, which

were attended by a total of 3,889 employees. In addition, 176 engineer training courses were held for a total of 2,663 employees. The average Nikon Corporation employee spent 1.97 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 globalize and the demand for global human resources who can drive innovation and business expansion in international markets grows more pressing, Nikon Corporation is building the optimal system to develop human resources.

Since the fiscal year ended March 31, 2011, our first group of trainees took part in language training for the “Overseas Exchange Training Program” implemented in emerging nations. One of four students in the class finished the program and has already been transferred abroad. The remaining three are continuing training and making other preparations for their transfer.

### Age-based Career Training

At Nikon Corporation, we believe it is vital for our employees to have a long-term, objective view of their work lives and to strategically plan the way they want to live and work if our employees and our company are to grow and develop together. For this purpose, we provide career training for employees in different age groups. In the fiscal year ended March 31, 2011, we held five career training sessions for 30-year old employees (98 attendees in total), and held trial sessions for 40-year old and 50-year old employees with plans to offer full-fledged training for these age groups in the future.

### ► 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). Labor-management relations are stable and problem free.

As of March 31, 2011, the Nikon Labor union has 5,169 members and the JMIU Chapter eight, which totals 5,177. The company and 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

# Labor Environment for Employees

employee's job, Nikon Group discusses the matter with his/her union, obtains its prior approval, and then takes time to communicate it to the employee. In the fiscal year ended March 31, 2011, Nikon Group's personnel system was revised following labor-management discussions at a number of Group companies.

## ► Health and Safety of Employees

### Health and safety activities for all members

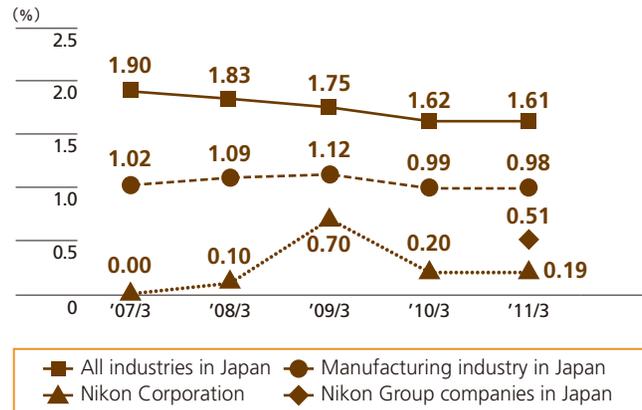
Nikon Corporation maintains "Policies for Health and Safety" to secure the Health and Safety of its employees—the foundation of all corporate activity—and to be a vibrant corporation where everyone feels safe and lives actively. In addition to having a statutory Health and Safety committee, Nikon Corporation 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, Nikon Corporation and Group companies in Japan have a far lower frequency of work-related accidents than the manufacturing industry's national average.

Last fiscal year, Nikon Corporation's Sagami-hara Plant and Sendai Nikon both received 2010 Ministry of Health, Labour and Welfare Award. These awards are presented to industrial operations recognized for having exceptional health and safety standards and exemplary improvement measures. Both were praised for their outstanding performance, Sagami-hara Plant for its employee health maintenance and improvement program and Sendai Nikon for maintaining a safe working environment.

### Policies on Health and Safety for the Year Ended March 31, 2011

- 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



Award Ceremony of Health Labor and Welfare Award: Director of the Sagami-hara Plant (right)

### Health and safety initiatives at overseas Group companies

Nikon U.K. Ltd. encourages employees to participate in sessions on stopping smoking. The sessions take place once a week during lunchtime, for six weeks, and offer participants free advice from professional stop-smoking advisors, recommendations of stop-smoking products, weekly carbon monoxide testing, etc. The event aims to assist employees in improving their health by stopping smoking. Nikon (Thailand) Co., Ltd. in September 2010 was awarded OHSAS 18001 certification, an international certification standard for occupational health and safety management systems (see p. 15). Nikon Group companies are implementing their own measures to help employees improve their health.

### 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 fiscal year ended March 31, 2011, we also sought to promote personal health maintenance by distributing a stress test tool to Group employees in Japan.

### 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 fiscal year ended March 31, 2011, we worked to prevent recurrences of similar accidents by creating a database of accident case data and posting the database on the Nikon Group intranet, allowing all Group companies in Japan to have access to such data.

Raising health and safety management standards across the entire Nikon Group has become a challenge in recent years as the number of overseas bases has increased. We are thus working toward an improvement as a first step by collecting basic data from overseas Group companies.

For employees assigned to overseas Group companies from Japan, we are improving our pre-transfer training program, hold regular health examinations during their stay abroad, and establish a follow-up system based on examination results. We also provide support for dealing with medical risks in foreign countries through coordination with international medical assistance services.

## Promotion of Diversity Activities

**We respect the diversity and human rights of employees with different backgrounds and treat them fairly, so that they can apply themselves to their work, display their abilities, and produce results as a team.**

**Our current efforts are focused on activities in Japan, such as supporting the progress of women in the workplace and on assisting people with disabilities.**

### Highlights

### Diversity Training for Managers

Since the fiscal year ended March 31, 2008, Nikon Corporation has been working to improve its diversity management. Specifically, we held training for female employees on self-fulfillment, acquired approval to use the “Kurumin”  mark for childcare support, and revised our childcare leave system.

As the next step, in the fiscal year ended March 31, 2011, we put together a diversity training program for management personnel. This training focused on proper management of female employees—who

are in the minority in the workplace in Japan—and subordinates who are older in age, and included a review of scientific evidence. Eighteen managers participated in trial-based training in February 2011. In the coming fiscal year, we plan to hold five sessions, to be attended by about 100 managers.

We will continue to develop a common understanding of diversity management in our managers through training like this.

### Thoughts after diversity management training

I thought I had a fair grasp of the concept of diversity, but to be honest, I wasn't at a level of understanding based on actual facts. Through this training, I realized that the basis of diversity management is first being aware of the differences between yourself and others, respecting those differences, and finally allowing those differences to flourish. I also realized that the synergies created through a mixing together of diverse people will make the Nikon Group a stronger organization.

**Yusuke Kisugi** Manager, Human Resources Section, Human Resources Department, Business Administration Center, Nikon Corporation

### Voice



### ► 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 dispatch workers, we position the staff based on staffing plans in each business unit and implement necessary training seminars. From among them, we hire such workers directly while respecting personal will and work details.

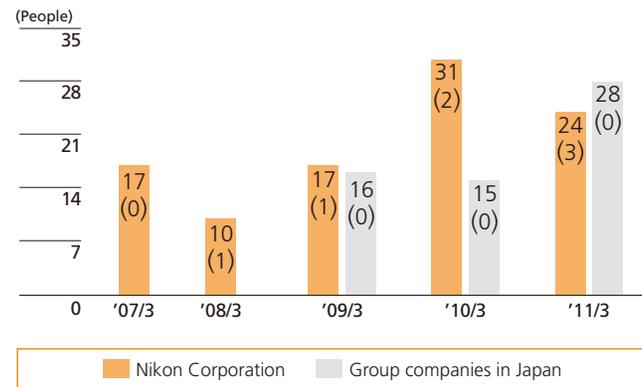


# Labor Environment for Employees

## 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. In the fiscal year ended March 31, 2011, in response to enactment of the revised Child Care and Family Care Law, we 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 Kurumin  Mark. We are steadily making preparations to institute these systems in our Group companies in Japan as well.

### Number of Employees Taking Childcare Leave



\*Permanent employees and non-regular staff in the Nikon Group (consolidated).  
\*( ) Number of male employees in parentheses.

## Reentry system

We recently started operation of a reentry (comeback) system for employees who have left the company for marriage, family care, spouse's job transfer, or for other unavoidable reasons. In the fiscal year ended March 31, 2011, seven employees registered and one employee came back to work under the system.

## Telecommuting

Nikon Corporation is considering the implementation of a telecommuting system. Based on the past results of two trials for working at home, in the fiscal year ended March 31, 2011, we designated the departments which showed the most positive response as pilot groups and instituted a telecommuting system in those departments.

We plan to implement this system to increase work efficiency and provide more options for achieving a work-life balance.

## Women in the Workplace

The Nikon Group 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.

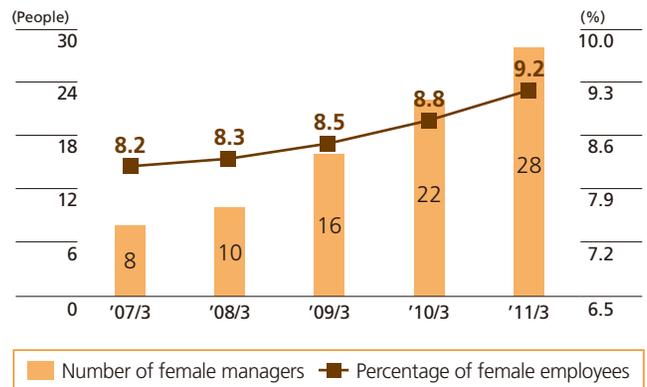
As one of the measures to support the advancement of women in the workplace, Nikon Corporation considers it necessary to increase the number of female employees. We have set a medium-term target specifically for percentage of women employees and, as part of our effort to meet the target, have been

active in our recruiting activities to employ more women. In the fiscal year ended March 31, 2011, we set a numerical target specifically for employment of female engineers but couldn't reach the target, in spite of the efforts such as active participation in recruiting events.

### Numerical targets for promoting female advancement at Nikon Corporation

- Percentage of women in the total number of employees: achieve at least 10% by the end of March, 2013 (9.2% as of March 31, 2011)
- Number of female sectional and higher-level managers: 44 by the end of March 2015 (22 as of March 31, 2010)

### 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. Sixty one employees participated in this training in the Nikon Group in Japan for the fiscal year ended March 31, 2011, bringing the total number of participants since the program's launch to 341. At Nikon Corporation, 46% of employees have already attended this training. In addition, the company offers a counseling service for better work-life balance for certain female employees who are making their work and private life compatible. This counseling system helps employees improve their career while maintaining a good work-life balance, which will in turn help the company raise its employee retention rate.

We have also selected five Group companies in Japan to serve as model companies for promoting the advancement of women in the workplace, and in the fiscal year ended March 31, 2011, we set targets and implemented measures based on the situation at each company. Companies are taking their own approaches to this issue. For instance, Nikon Business Service has held meetings over lunch and tea to encourage communication between the President and female employees, and Nikon Systems has conducted preliminary trials for working at home.

For the Group as a whole, we periodically conduct surveys on the number of female employees and managers. In the fiscal year ending March 31, 2012, we will investigate actual condition of each Group company, including those overseas, in order to identify a specific problem to be addressed.

**Percentage of Female Employees**

Unit: %

	'07/3	'08/3	'09/3	'10/3	'11/3
Nikon Corporation	8.2	8.3	8.5	8.8	9.2
Group companies in Japan	—	—	16.7	17.0	17.0
Overseas Group companies	—	—	—	73.5	69.2

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

**Percentage of Managers Who Are Female**

Unit: %

	'07/3	'08/3	'09/3	'10/3	'11/3
Nikon Corporation	0.7	0.9	1.4	1.8	2.3
Group companies in Japan	—	—	0.8	1.7	0.8
Overseas Group companies	—	—	—	19.4	25.1

\*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

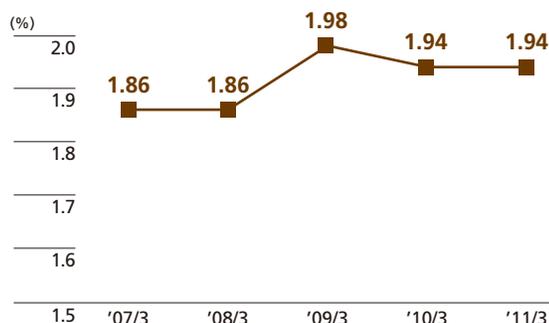
**▶ Reemployment System for Retirees**

Nikon Corporation has introduced an Active Senior Employee System, under which employees who meet certain criteria are given the opportunity to continue working for the company even after they reach the retirement age of 60. In the fiscal year ended March 31, 2011, about 70% of retirees were reemployed and are actively working for the Nikon Group. For employees who will soon reach their retirement age a Life Plan Seminar is held. The seminar, offers them an opportunity to consider about their own life planning after the retirement.

**▶ Supporting People with Disabilities**

Nikon Tsubasa Inc., a special subsidiary of Nikon Corporation established based on the Act on Employment Promotion etc. of Persons with Disabilities in Japan, celebrated its 10th anniversary in 2010. Its workforce has grown from an initial 10 disabled employees to 29 as of March 31, 2011 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 documents 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 in Japan are striving to give Nikon Tsubasa Inc. more orders for work.

In order to secure the statutory required percentage of disabled employees, Nikon Corporation, Nikon Tsubasa Inc., Nikon Systems, and Nikon Business Service applied to the authorities and had the approval of adopting special methods to calculate the rate. As a result, these companies maintain the statutory required figure. However, due to the enforcement of the above-mentioned law in July 2010, three Group companies in Japan do not reach the statutory required standard. For them, complementary levy is imposed according to "the Levy and Grant System."

**Percentage of Disabled Employees at Accredited Group Companies**

\*National percentage is based on "Overview of Persons with Disabilities and Their Employment" published every year on June 1.

**Turnover**

Unit: people

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

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

## Highlights

### Social Contribution Programs Launched in Employee Cafeterias and for Beverage Vending Machines

Nikon Corporation participates in the Table for Two (TFT) program. When employees who want to support the program purchase healthy and nutritionally-balanced "TFT lunches", 20 yen from the price of each meal is donated to provide school lunches to elementary school students in Uganda, Rwanda, Malawi, and Ethiopia. Nikon Business Service is working with food suppliers to provide TFT lunches at all of our plants in Japan as of end of March, 2011. At the Head Office, which does not have an employee cafeteria, the first vending machine

that allows employees to participate in the TFT program was installed.

Supporting TFT activities is an excellent opportunity for Nikon personnel to think about their own health and hunger around the world through their meals.

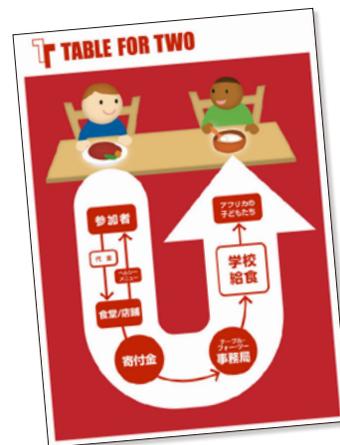
The plans for the fiscal year ending March 2012 is to expand the program to Group companies in Japan.



An employee cafeteria that implements the TFT Lunch program



A TFT program vending machine



### The power of children's smiling faces to expand activities

Thank you for your support of Table for Two. Long before TFT was first implemented at cafeterias, the organization was supported by Nikon cameras. Since its foundation, TFT personnel have taken Nikon SLR cameras with them when touring aid sites. There is no tool more effective than a camera for showing local conditions to our supporters. The smiling faces of the children evoke feelings of empathy, expanding the reach of TFT activities.

Michiko Ando Secretariat, Table for Two ([http://www.tablefor2.org/tft\\_usa/](http://www.tablefor2.org/tft_usa/))

## Voice



## Expansion of Social Contribution Activities Worldwide

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

### ► Status of Activities

The Nikon Group conducts activities around the world with an emphasis on four areas: conservation of the global environment, education, art and culture, and contributions to local communities. At this time, however, there is much variation in the activities undertaken by individual Group companies, and although some companies conduct activities every year, other companies do not conduct any activities at all. In the fiscal year ended March 2011, 84% of Group companies conducted activities, but we have set a goal of 100% of companies undertaking such activities in the future.

### ► 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 2010 competition (which was the 19th competition) was "Biodiversity: Connecting With Nature." Approximately 590,000 entries were received from 95 countries,

and 63 winning entries were selected. The awards ceremony was conducted at the International Children's Conference on the Environment, which was held in conjunction with the 10th meeting of the Conference of the Parties to the Convention on Biological Diversity (COP10) in Nagoya in October 2010. Eight of the award winners received their prizes at the conference (see p. 28).

## ▶ 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, 2011, 150 junior and senior high school students, 24 university students, and four students studying in Japan received support under these scholarship programs.

The Nikon Chualongkorn Scholarship produced its first graduates this year. Kulrumpa Worasri, one of the graduates, expressed her gratitude for the scholarship with the following comment: "Thanks to this program, I have made much progress towards fulfilling my dreams."



Nirin Suarod (second from the left) and Kulrumpa Worasri (second from the right) announced their graduation to Nikon Corporation Chairman Michio Kariya, President Makoto Kimura, and Executive Vice President Ichiro Terato. (Picture taken March 4, 2011)

## ▶ 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 fiscal year ended March, 2011, the galleries held a total of 207 photo exhibitions—157 by individuals and 50 by groups. In recognition of its contributions since the establishment of the galleries, Nikon Corporation won a 2010 Mecenat Award, sponsored by the Association for Corporate Support of the Arts, Japan, in the Mecenat Grand Prize category for its support of photographers.

### Nikon Field Photographer Program

The Nikon Group conducts the Nikon Field Photographer Program, a program that allows participants to experience the excitement of sports through photography. In the fiscal year ended March 2011, the program was conducted at 11 games of the AFC Champions League 2010 and seven games of the AFC Asian Cup 2011. Up to five local parent-and-child pairs (10 persons) were invited to each game to photograph the players prior to the game using D3100 digital SLR cameras.



In the fiscal year ended March 2011, the program was conducted in six Asian countries.

## ▶ Contribution to Local Communities

### Activities of Group companies outside Japan

Nikon Precision Korea Ltd. (located in South Korea), donated a total of about 3 tons of 20kg packages of rice to the Korea Social Service, Inc. (KSS), a social welfare organization. The Group is an umbrella organization for childcare facilities located in various regions of South Korea. Nikon Precision Korea began this activity in 2010 through a rice donation ceremony conducted as a part of its social contribution activities and plans to continue in the future.

In South Korea, it is customary to greet close friends and family by asking "Have you eaten?" For this reason, Nikon Precision Korea decided to donate rice rather than money to express warm wishes under the theme "Rice of Love." Approximately 80 employees participated in the ceremony, which also served to raise awareness among the employees concerning social contributions.

Various community-based activities were also conducted in other countries.



Lee Myunglim, Chairman of the Korea Social Service, Inc. (KSS) Group expresses her gratitude to the Nikon Precision Korea president and personnel at the "Rice of Love" donation ceremony.

## Highlights

## Green Procurement in the Supply Chain

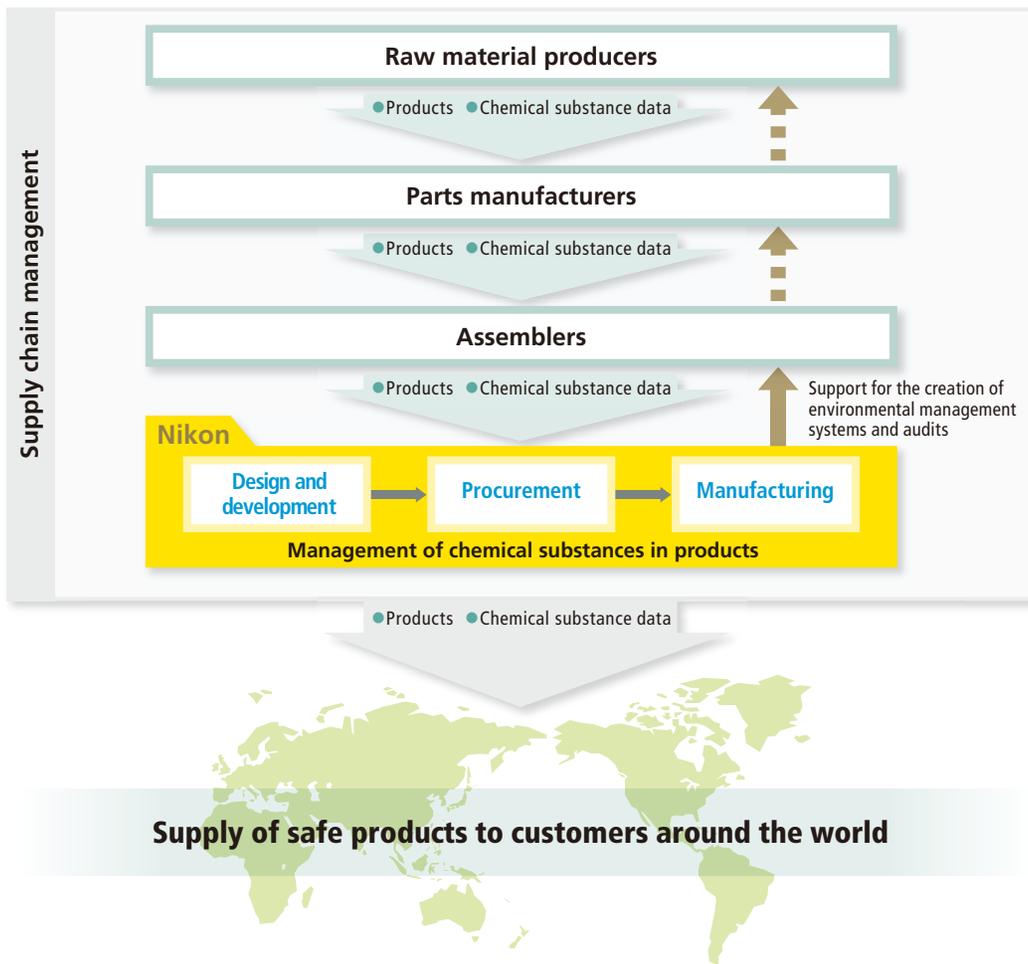
To ensure proper management of the use of chemical substances in products throughout its supply chain, the Nikon Group has requested that all procurement partners establish environmental management systems (i.e. environmental protection systems and systems to manage the use of chemical substances in products) and conducts systematic upstream management of raw materials and parts.

In the year ended March 2011, we conducted

audits concerning the environmental management systems of procurement partners with a focus on partners in Japan and began providing support to those procurement partners who have not established systems or whose management systems are inadequate.

In the year ending March 2012, we will expand the scope of the audits to overseas procurement partners to reinforce supply chain management even further.

### Supply Chain Management of Chemical Substances in Products



## Voice

### Creation of audit systems tailored to the Nikon Group's characteristics

The Nikon Group has several hundred procurement partners in many different industries. When creating audit systems, it is necessary to investigate thoroughly how we can audit, support, and cooperate with these procurement partners and how we should train audit personnel. We are also making efforts to reinforce training concerning management of chemical substances in products in individual divisions within the Group as well as to enhance internal control systems.

**Rie Higashiyama** Planning Section, Procurement & Facilities Management Department, Business Administration Center, Nikon Corporation

## Expansion of CSR-oriented Procurement

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

### ► Global Implementation of CSR-oriented Procurement

#### Promoting CSR-oriented procurement

In the year ended March 2011, the Nikon Group began holding discussions with its procurement partners in Japan for the purpose of understanding our CSR-oriented approach to them. In the first year, our personnel visited 37 partners and successfully learned the details of each company's CSR  initiatives. In addition, we participated in the Supply Chain Subcommittee of the UN Global Compact  to discuss optimal methods of CSR-oriented procurement with participating companies.

In the year ending March 2012, we will update the Nikon Procurement Partners' CSR Guidelines and undertake additional CSR-oriented procurement measures such as consideration of creating internal systems for on-site inspections of CSR activities by procurement partners. In addition, a procurement procedures manual that includes CSR perspectives will be prepared and distributed throughout the Group as an operational manual for penetrating CSR-oriented procurement activities. A group-wide basic transaction agreement will be used and Nikon Group companies in Japan are encouraged to have procurement partners sign the agreement. Systems are being put in place to ensure that appropriate transactions are conducted in accordance with signed basic transaction agreements, and prompt reports to management and appropriate responses are made if any instances of non-compliance are discovered.

#### CSR-oriented procurement overseas

In the year ended March 2011, briefings were conducted with three overseas Group companies and the procurement partners of two of those companies to explain the Nikon Procurement Partners' CSR Guidelines. In the year ending March 2012, briefings will be conducted for other procurement partners of overseas Group companies.



A briefing session for procurement partners in Shenzhen, China

#### Promoting green procurement

The Nikon Group encourages green procurement in accordance with the Nikon Basic Procurement Policy and the Nikon Basic Green Procurement Policy so it can procure environmentally friendly parts and materials.

Management of the entire supply chain has become necessary to comply with regulations of chemical substances in products, an issue that has become a major concern in recent years in Europe and other regions. The Nikon Group has requested that all procurement partners establish environmental management systems (i.e. environmental protection systems and systems to manage the use of chemical substances in products). We verify system development and operation through investigations and audits, and when necessary, request that improvements be made to reinforce the management of chemical substances throughout the supply chain.

#### Auditing and certification of procurement partner environmental management systems

The Nikon Group conducted audits of the environmental management systems of 32 procurement partners in Japan (34 business sites) and one overseas procurement partner during the year ended March 2011. The audits determined that nine companies (11 sites) are properly operating environmental management systems, while 23 companies were asked to modify their systems or operation of those systems. Eleven companies with outstanding management systems were newly certified as new Nikon Environmental Partners, bringing the total to 16. In the year ended March 2011, support for the development of management systems was provided to five companies who have no systems or whose systems were inadequate.

In the year ending March 2012, intra-group green procurement education including Nikon Group auditor training will be enhanced and Group management systems will be reinforced. In addition, the scope of audits and of system development support will be expanded to overseas suppliers to further promote management of the use of chemical substances in products within the supply chain.



Auditor training conducted at Nikon (Thailand) Co., Ltd.

# External and Internal Evaluation

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

	Comments in CSR REPORT 2010	Nikon's response
Ms. Junko Edahiro	In addition to discussing systems and plans, please also disclose information on the specific results of measures and future policies and activities.	We created highlights pages for each priority issues and report on the details of activities as examples of specific undertakings. We also made additional efforts to disclose information concerning future activities.
	Please report priority issues to the world and society with the proper stress, maintaining the reporting structure easy to understand.	Each year, the CSR Committee identifies priority issues that should be addressed and makes determinations based on expectations from stakeholders and societal trends, and this process was described in the current report as well. Eight priority topics were selected for the fiscal year ended March 2011, but they will be consolidated into five topics for the fiscal year ending March 2012, and we will engage in vigorous activities.
	It is essential that you disclose information on current awareness within the company as well as analysis of causes and countermeasures concerning global warming, one of the most important issues today. Also, the report is expected to play a role in communicating the company's major courses of action. Please set medium- and long-term targets concerning global warming without being unnecessarily influenced by political developments.	We are aware that reducing carbon dioxide emissions is a key management issue. We have established systems for encouraging carbon dioxide reductions by individual business divisions, and following clarification of our direction in a three-year plan concerning the environment (Environmental Action Plan; see pp. 33-34) based on our medium-term business plan, we set specific targets and take action each year. We also disclosed targets and results at major overseas manufacturing bases. We have set long-term internal targets concerning carbon dioxide emissions reductions, but because there are many uncertain factors, we are unable to disclose these targets as figures for which we can be liable.
	Please build stronger relations with suppliers, local residents, NGOs, and other stakeholders.	We engage in dialogues with stakeholders through our day-to-day activities, but this may not have been clear in the 2010 report. In this year's report, we created a page to more clearly discuss methods of dialogue.
Mr. Toshihiko Fujii*	The Group needs to further advance its socially responsible human resource-related policy. The targets set for many of its diversity, human rights and labor environment issues are generally vague and thus are difficult to evaluate. In terms of the global activities, I would like the company to disclose not only domestic data, but also overseas data.	We are aware of the importance of measures concerning people. In the year ended March 2011, we conducted large-scale, group-wide training concerning human rights and worked to improve awareness. We will continue to periodically conduct group monitoring to ascertain the situation within the group and will make additional efforts to disclose overseas data. We recognize that our goal-setting remains ambiguous and requires further improvement.
	As regards to socially responsible procurement, progress on the social front seems rather slow. It is crucial to know the current situations of suppliers and urge them to make improvements where necessary.	We work to understand the current situation of procurement partners by collecting from them self-assessment results of CSR survey forms. This measure was expanded to overseas suppliers in the year ended March 2011. We held briefing sessions for procurement partners to explain our positions and took measures to encourage CSR activities in cooperation with them. When necessary, we request that procurement partners make improvements.
	Regarding environmental measures, I would like to see the Nikon Group clearly separate its efforts to ensure legal compliance from its voluntary environmental measures and provide accurate information. Also, some data concerns only operations in Japan, this should be improved.	With regard to measures concerning products, we make group-wide efforts fundamentally intended to comply with all laws and regulations applicable to our products throughout the world including the RoHS Directive and the REACH Regulation. We are aware that disclosing accurate and easy to understand information in reports remains an issue for the future, and we are working to make improvements. We have started disclosing data from some Group manufacturing companies in Asia, and we are taking measures to expand the scope of disclosure to include data from other overseas Group companies in the future.

\* Main comments

## Results of the Nikon CSR REPORT 2010 Reader Survey (respondents were Nikon Group employees including overseas employees)

Employee opinions	Measures taken in the Nikon CSR REPORT 2011
The criteria to determine priority issue and the goals to be achieved are not clear.	The CSR Committee reviewed the materiality map and priority issue by making reference to international guidance/guidelines including ISO 26000.
The detailed version contains a lot of information and is difficult to understand, but I found that the digest version was more comprehensible. CSR related terminology can be difficult to understand, so a glossary is essential.	For each version, we set target readers, and the number of pages was determined accordingly; the detailed is for CSR experts and the digest is for employees and general readers.
The CSR activities of overseas group activities show differences in cultures, and I find this extremely interesting. Please don't limit this information to just two companies and present a broad range of activities.	We conducted a survey of overseas group companies and gather information on the CSR activities of each company. We selected unique activities by four companies and introduced them in the report.
From the perspective of overseas employees, it is culturally difficult to understand the activities for gender diversity which is conducted in Japan.	We have initiated an internal investigation so that we can make improvements concerning this issue in the future.

Previous report sections in which readers were particularly interested (top three)	Sections which readers felt difficult to read (top three)	Nikon's response
1. CSR Activities at Manufacturing Bases Outside Japan	1. CSR Achievements for the Year Ended March 31, 2010, and Future Targets	We have selected the number of topics under CSR Achievements for the Year Ended March 31, 2010, and Future Targets and have endeavored to make the text more comprehensible.
2. Business Activities and CSR	2. Environmental Management	With regard to Environmental Data, highly technical data is disclosed on the website, and only key data is included in the PDF detailed version.
3. Product-related Activities	3. Environmental Data	

# GRI Guidelines Comparison Table

The following table indicates the pages of this report that contain content relating to the required disclosure items in the GRI Sustainability Reporting Guidelines<sup>GA</sup> version 3. The table also includes comparative data concerning the 10 principles of the UN Global Compact<sup>UN</sup> and ISO 26000.<sup>ISO</sup>

GRI Guidelines <sup>GA</sup>		UN Global Compact principles	ISO 26000 core topic	Corresponding page
Category	Indicator			
<b>1. Strategy and Analysis</b>				
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 <sup>GA</sup> to the organization and its strategy.	—	6.2	3
1.2	Description of key impacts, risks, and opportunities.	—		3, 19, 20, 22, 23
<b>2. Organizational Profile</b>				
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.	—	—	20
<b>3. Report Parameters</b>				
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 <sup>GA</sup> the organization expects to use the report.	—	—	18, 19, 20
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
<b>4. Governance, Commitments, and Engagement</b>				
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	6.2	24
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		24
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	1-10		24, 53
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		24
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	1-10		24
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		—
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		17, 18, 29
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		21, 24, 33, 34
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	1-10		24
Commitments to External Initiatives				
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	7		27-45
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	1-10		17, 18, 33, 34

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

GRI Guidelines <sup>1,2</sup>		UN Global Compact principles	ISO 26000 <sup>3</sup> core topic	Corresponding page
Category	Indicator			
Stakeholder <sup>4</sup> Engagement				
4.14	List of stakeholder groups engaged by the organization.	—		19, 20
4.15	Basis for identification and selection of stakeholders with whom to engage.	—		20
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	—	6.2	5, 20, 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.	—		5, 19, 22, 23, 61, 65, 66
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	44
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	17, 27, 29, 31, 32, 33, 34, 39
Materials				
EN1	Materials used by weight or volume.	8		30, 45
EN2	Percentage of materials used that are recycled input materials.	8, 9		—
Energy				
EN3	Direct energy consumption by primary energy source.	8		30, 45
EN4	Indirect energy consumption by primary source.	8		30, 45
EN5	Energy saved due to conservation and efficiency improvements.	8, 9		33, 40, 41, 45
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	6.5, 6.5.4	8, 10, 12, 33, 34, 35
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	8, 9		12, 33, 34, 38, 39, 40, 41, 45, 46
Water				
EN8	Total water withdrawal by source.	8		46, <a href="#">Web</a>
EN9	Water sources significantly affected by withdrawal of water.	8		—
EN10	Percentage and total volume of water recycled and reused.	8, 9		—
Biodiversity <sup>5</sup>				
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	27, 28
EN13	Habitats protected or restored.	8		27
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	8		27, 28, 33, 34
Emissions, Effluents, and Waste				
EN16	Total direct and indirect greenhouse gas <sup>6</sup> emissions by weight.	8		30, 33, 40, 45, <a href="#">Web</a>
EN17	Other relevant indirect greenhouse gas emissions by weight.	8	6.5, 6.5.5	12, 38
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	7, 8, 9		33, 34, 38, 39, 40, 41
EN19	Emissions of ozone-depleting substances <sup>6</sup> by weight.	8		—
EN20	NO <sub>x</sub> , <sup>6</sup> SO <sub>x</sub> , <sup>6</sup> and other significant air emissions by type and weight.	8		41, <a href="#">Web</a>
EN21	Total water discharge by quality and destination.	8	6.5, 6.5.3	<a href="#">Web</a>
EN22	Total weight of waste by type and disposal method.	8		46, <a href="#">Web</a>
EN23	Total number and volume of significant spills.	8		43
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	7, 8, 10, 12, 13, 14, 33, 34, 35, 36, 37
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	8, 9	6.5, 6.5.4, 6.7.5	37
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	38
Overall				
EN30	Total environmental protection expenditures and investments by type.	7, 8, 9	6.5	44
Labor Practices and Decent Work				
	Disclosure on Management Approach	1, 3, 6	6.2, 6.4, 6.3.10	17, 22, 23, 41, 42, 43, 44, 47

\* 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 <sup>1-3</sup>		UN Global Compact principles	ISO 26000 <sup>4-5</sup> core topic	Corresponding page
Category	Indicator			
<b>Employment</b>				
LA1	Total workforce by employment type, employment contract, and region.	—	6.4, 6.4.3	1, 56
LA2	Total number and rate of employee turnover by age group, gender, and region.	6		56
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	55
<b>Labor/Management Relations</b>				
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	52, 53
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	52, 53
<b>Occupational Health and Safety</b>				
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	53, 54
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	1		53, 54
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	53, 54
LA9	Health and safety topics covered in formal agreements with trade unions.	1	6.4, 6.4.6	53
<b>Training and Education</b>				
LA10	Average hours of training per year per employee by employee category.	—	6.4, 6.4.7	52
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	52
LA12	Percentage of employees receiving regular performance and career development reviews.	—	6.4, 6.4.7	51, 52
<b>Diversity and Equal Opportunity</b>				
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	55, 56
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	55
<b>Human Rights</b>				
	Disclosure on Management Approach	1, 2, 3, 4, 5, 6	6.2, 6.3	17, 22, 23, 41, 60
<b>Investment and Procurement Practices</b>				
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	48, 51
<b>Non-discrimination</b>				
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	—
<b>Child Labor</b>				
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	52
<b>Forced and Compulsory Labor</b>				
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of forced or compulsory labor.	1, 2, 4		52
<b>Society</b>				
	Disclosure on Management Approach	10	6.2, 6.6, 6.8	—
<b>Community</b>				
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	—	6.3.9, 6.8, 6.8.5, 6.8.7, 6.6.7	—
<b>Corruption</b>				
SO2	Percentage and total number of business units analyzed for risks related to corruption.	10		48, 49, 60
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	10	6.6, 6.6.3	48, 60
SO4	Actions taken in response to incidents of corruption.	10		48
<b>Public Policy</b>				
SO5	Public policy positions and participation in public policy development and lobbying.	1-10	6.6, 6.6.4, 6.8.3	—
<b>Product Responsibility</b>				
	Disclosure on Management Approach	1, 8	6.2, 6.6, 6.7	26
<b>Customer Health and Safety</b>				
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
<b>Product and Service Labeling</b>				
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, 11, 12, 13
<b>Marketing Communications</b>				
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

### Junko Edahiro

Founder and President, e's Inc.  
Co-Founder and Co-Chief Executive,  
Japan for Sustainability (JFS)



This year's report also has a friendly tone and is easy to understand. Although Nikon's products are advanced and technical, it is easy to see the company's great efforts to explain what environmental responses it is undertaking in ways that can be understood by the general public as well, for example through "Eco-Friendly Products."

As I have been viewing these kinds of reports for many years, I understand that Nikon is a sincere company that always carries out various measures in a trustworthy and earnest manner regarding all sorts of problems by first determining policies, then creating systems and carrying out concrete actions. The PDCA cycle for environmental management is carried out reliably with input from this report, employee surveys, and other sources.

Regarding the recent earthquake, this report clearly states Nikon's prompt responses regarding the affected areas, as well as its commitment to continually providing assistance with a long-term outlook. This results in increased trust.

The earthquake impacted Japan in a variety of ways, and I think that one effect was making many people keenly feel the importance of a long-term chronology. Up until now Nikon has contributed to local communities in Thailand through scholarship programs, and has collaborated on research and education at its Imaging Center. Such long-term initiatives are not merely one-way contributions to society, but show that a large, virtuous cycle is taking form that also has positive effects on Nikon's business.

Biodiversity is becoming a significant future issue for corporations, and Nikon is facing this issue head on. Nikon has also indicated its awareness of the issue of active roles played by women as a company. It presents the current situation and its efforts using numerical values and concrete examples in order to accurately show progress and the company's recognition of this issue. Nikon also precisely states its future initiatives, the company's understanding of the progress it has made, and the initiatives it will take in the future, which results in clear PDCA reports and creates a favorable impression.

I commend Nikon overall for its precise systems, solid initiatives, and system of easy-to-understand reports. I also hope for further progress regarding the following four matters.

The first issue is the handling of data (although this is being accomplished in a partial fashion). Placing graphs side by side does create an objective report, but it does not convey the intentions of the company. I suggest adding simple comments to each graph such as the company's understanding of the current situation and trends, the reasons for and background behind whether the situation is positive or not, and the sorts of countermeasures and future initiatives that are being considered. In this way, mere graphs would become a lively "window" into the thoughts and future directions of the company.

Secondly, energy problems are a major issue for Japanese corporations, particularly when considering sustainability. Beyond being connected to global warming, energy itself is a significant challenge for the future sustainability of corporations, Japan, and the entire world. What is Nikon's recognition of worldwide energy trends and its current energy-related situation? In the future, how will it estimate these things and how will it change its way of doing things from the viewpoint of energy? I believe that initiatives from such points of view will comprise a large part of future corporate social responsibility.

Thirdly, it is clear that Nikon is undertaking a range of measures in a reliable way including global warming-related activities. However, I would like Nikon to state its major vision for where it is headed as a result of accumulating these experiences. Although its medium- to long-term vision regarding global warming is not yet ready to be announced outside the company, I hope that Nikon is considering these matters. Besides what is specified by the government, in such a situation Nikon must understand global trends and state in its own words what its position and future mode of existence will be.

Finally, I would like Nikon to take on the further challenge of creating a "CSR Report by a globalized company." What does CSR mean to a corporation with a Japanese employee ratio of 30%, and a Japanese sales ratio of 14%? Rather than just how many local nationals are part of the management team of overseas corporations, an important index in the future will surely be the proportion of foreign nationals in management positions at the Japanese Head Office as well. For a truly global corporation, it is doubtful that everything will be led by the Japanese people in the Japanese Head Office. I am looking forward to Nikon's global CSR initiatives as a global corporation in a global era.

Only a company such as Nikon could accomplish CSR activities and reports that have firm foundations and yet remain one step ahead of other companies. I have great expectations for them in the future.

## Toshihiko Fujii

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



As demonstrated by a number of prizes awarded, such as being recognized as a Notable COP<sup>2</sup> by the UN Global Compact for two consecutive years, Nikon's CSR, carried out under the corporate philosophy of "Trustworthiness and Creativity," has been highly evaluated both inside and outside Japan. This report, providing a systematic overview of its initiatives ranging from the identification of priority issues to future challenges, is also very reader friendly. As my third party comments, I would like to first touch upon 1) recognized improvements for this year, and then move on to my expectations regarding Nikon Groups' future initiatives mainly from two angles: 2) Global management, especially globally coherent and integrated initiatives taken by the Group as a whole, and 3) Forward-lookingness and proactiveness to understand emerging social issues, and to integrate their solutions into management.

### 1) Noteworthy improvements for this year

Those points I find commendable include: Nikon clearly states their failure to achieve their target for female employment. The percentage of female sectional and higher-level managers in overseas Group companies is disclosed, The Pan-Asia CSR coordination functions is being put in place. CSR-oriented procurement is expanded to a part of the overseas Group companies. These endeavors, which are in line with third-party comments in last year's report, are important steps toward global CSR initiatives with a clear direction of tackling social problems. Furthermore, from the perspective of ensuring transparency, the continuation of yearly updates on the measures to solve soil contamination is also a positive element of this year's report.

### 2) Future challenges from the viewpoint of global management

CSR in its essence is the social visions held by the organization and its people. Nikon's philosophy regarding the Japanese society is embodied by what it has done for CSR in Japan, but I also expect Nikon—which has public ideals that are open to the whole world—to carry out global CSR toward realizing that philosophy. In that respect, although all of the information regarding CSR initiatives taken by overseas Group companies is very impressive, and steady progress is being made such as undertaking the global Group wide education on human rights, further efforts to advance Group wide initiative on a global scale would be advisable. Setting concrete objectives and disclosing information about present conditions would be beneficial to this end. Regarding setting of specific targets, although there are some issues, such as the ratio of female sectional and higher-level managers, the targets of which have been already numericalized, Nikon should further explore specifying measures regarding other issues as well. For example, in terms of those issues for which targets cannot be set numerically, numerical gauging of the situations could be still possible. There is

also room for greater efforts to be made in the realm of information disclosure. For example, introducing the details from the results of the Group-wide survey on human rights could create a knowledge base for future action. The presentation of a global personnel policy vision, which I referred to as a necessary step to be taken in my third party opinion for the last year's report, also continues to be a relevant issue for future efforts.

### 3) Issues from the viewpoint of forward-lookingness and proactiveness

One of the difficulties of CSR lies in the fact that new issues continue to appear one after another. For this reason, companies need to have foresight regarding what will happen in society. In this regard, my expectation for Nikon, in terms of the environment, is to consider how it should reform its way of doing business in order to maintain biodiversity in the future. When new issues come up, especially those that do not necessarily seem to have a clear and direct relationship with the company's business, many companies tend to address these issues simply in the form of social contributions. However, over time, those new issues need to be integrated into business operations. As specified in the Nikon Basic Environmental Management Policy, I would like recommend Nikon consider biodiversity at all stages including production, distribution, usage, and disposal, as well as carrying out evaluations in consideration of biodiversity in the stages of planning, development, and design.

In terms of social issues, strong focus is being placed on the issue of equality regarding regular and irregular employment all over the world. The GRI Guidelines,<sup>2</sup> for example, contains the following performance indicator: "Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations." Most Japanese corporations, however, do not disclose such information. In the "Appreciating Diverse Work Styles" part of this year's report, the reference to the direct hiring and training of dispatched workers is a small but positive step. I believe Nikon's proactiveness would bring further progress in this regard.

I have expressed expectations regarding Nikon's CSR activities, and would like to conclude my opinion by mentioning two cross-sectional points. The first is the further promotion of dialogues with stakeholders. I mentioned that companies must have foresight regarding new issues, and the key to cultivating sensitivity in relation to new social and environmental issues, as well as understanding their relationships with business, is continuing to hold dialogues with a wide range of stakeholders. This year's report clearly shows the state of progress of dialogues with stakeholders, but I also hope that Nikon further promotes dialogues with social stakeholders including NGOs and NPOs. Another point is further involvement of people in everyday business operations. Information provided by this report on CSR initiatives on each business front effectively communicates that earnest CSR efforts being made by the organization as a whole. One of Nikon's great CSR-related strengths, as well as one of its assets, is organization-wide, cross-sectional participation of its people in CSR activities. I would like finally to reiterate my hope that Nikon continues to heighten its credibility through dialogues with a broad range of stakeholders while creating new CSR with the efforts and participation of all its employees.

# Nikon CSR Report 2011 Glossary

## B

### ■ BCM

Business continuity management, a strategic management method for companies to respond promptly to a range of risks that might materialize with the occurrence of unexpected emergencies such as natural disasters or acts of terrorism. It is designed to help them continue their business even in the event of a major emergency.

### ■ BCP

Business continuity plan, a plan formulated by a company to show its policies and measures in the event of an emergency such as a natural disaster or accident, designed to ensure continuity of business and to allow ordinary business activities to be resumed with the limited managerial resources available in such an emergency.

### ■ Biodiversity

A state achieved through the link between all individual living creatures on Earth. The Convention on Biological Diversity defines biological diversity as follows: "Biological diversity" means the variability among living organisms from all sources including, inter alia, terrestrial, marine and other aquatic ecosystems, and the ecological complexes of which they are part; this includes diversity within species, between species and of ecosystems.

## C

### ■ CFP (Carbon Footprint)

Greenhouse gases emitted by a product through the entire process of raw material procurement, manufacturing, distribution, sales, usage, and disposal are converted to CO<sub>2</sub> for the purpose of visualization.

### ■ Compliance (with laws and regulations)

Compliance provides the basis for CSR fulfillment. Companies are required to comply with laws, regulations, and rules and also to respond sincerely to requests from the society in which they operate.

### ■ COP (Communication on Progress)

An annual report of activities towards the realization of the 10 principles that must be submitted by corporations and groups that have declared their participation in the UN Global Compact.

### ■ Corporate governance

A system that allows companies to supervise and check the management of their business appropriately.

### ■ CSR

Corporate social responsibility. Companies are expected to fulfill their corporate social responsibilities from environmental, economic, and social aspects on a voluntary basis to build trust with the society in which they operate. In the ISO 26000 standard on social responsibility created by the International Organization for Standardization (ISO), CSR for corporations as well as all types of organizations is defined as follows:

Responsibility of an organization for the impacts of its decisions and activities on society and the environment, through transparent and ethical behavior that

- contributes to sustainable development, including health and the welfare of society;
- takes into account the expectations of stakeholders;
- is in compliance with applicable law and consistent with international norms of behavior; and
- is integrated throughout the organization and practiced in its relationships

Source: ISO/DIS 26000 Guidance on Social Responsibility, ISO

### ■ CSR-oriented procurement

In CSR-oriented procurement, companies expand their CSR activities to suppliers and check that in addition to quality, pricing, and deadlines, they are conducting corporate activities in consideration of the environment, human rights, and other issues. Companies show their procurement and purchasing criteria to their suppliers and ask them to comply with the criteria on a continual basis.

## D

### ■ Diversity

Refers to companies having a diversity of employees and accepting that diversity. The Japan Business Federation's study group on diversity defines the term as follows: Strategy to respond promptly and flexibly to changes in the business environment for the growth of the company and the happiness of individual employees by accepting a range of attributes (regarding gender, age, nationality, disabilities, etc.) as well as various values and ideas without bias from conventional corporate and social standards.

## E

### ■ Eco-glass

The Nikon Group developed lead- and arsenic-free optical glass for use in the lenses and prisms of optical devices, and calls this type of glass "Eco-glass." The use rate of Eco-glass in optical systems has reached 100% in most Nikon products.

### ■ Energy efficiency

The Nikon Group defines energy efficiency as the degree of functionality of each product per unit of power consumption.

Energy efficiency of a product = Degree of functionality/Unit of power consumption  
Functionality is defined separately for each product type. The Nikon Group is always committed to releasing new products with higher energy efficiency.

### ■ Environmental accounting

An accounting method used to clarify the costs spent in improving environmental performance.

### ■ Environmental Reporting Guidelines (2007)

Published by Japan's Ministry of the Environment to provide organizations creating and publishing environmental reports with practical guidance. The guidelines list the preferred reporting items and their details based on the latest domestic and international trends in environmental reporting.

## F

### ■ FTSE4Good

An SRI index created and launched in 2001 by the FTSE Group, which creates and manages equity and bond indices based in London. Stocks to be included in the index are selected from the following three viewpoints: environmental and social aspects and human rights.

## G

### ■ GHG (Greenhouse gases)

Atmospheric gases, such as carbon dioxide and methane, trap heat from the Sun in the Earth's atmosphere. Called greenhouse gases, they cause the Earth's surface to heat up. Under the Kyoto Protocol, carbon dioxide, methane, nitrous oxide, HFCs, PFCs, and SF<sub>6</sub> are defined as greenhouse gases, emissions of which should be reduced to prevent global warming.

### ■ Green Dot System

A collection and recycling system on packaging waste having been adopted by most of the participating countries in accordance with domestic laws under the European Directive 94/62/EC on packaging and packaging waste.

### ■ Green procurement/green purchasing

Refers to the procurement of more environmentally-friendly materials, parts, and products and gives preference to highly environmentally conscious suppliers. Purchasing of environmentally friendly office supplies is referred to as green purchasing.

### ■ GRI

Global Reporting Initiative, an international organization established in 1997 with the aim of creating and spreading the use of international guidelines on sustainability reporting for organizations. Companies and NPOs from countries all over the world participate in this organization, which is also designated as a collaborating centre of the UN Environment Programme (UNEP).

### ■ GRI Sustainability Reporting Guidelines

International guidelines on sustainability reporting by organizations. The guidelines, which encourage companies to report their corporate activities from the three aspects of economy, environment, and society, are referred to by a large number of organizations in creating CSR reports.

## I

### ■ Internal control

A mechanism to prevent illegal and unfair acts to ensure efficient and sound business management based on in-house control rules and systems.

### ■ ISO

The International Organization for Standardization, a non-governmental organization that formulates international standards based in Geneva, Switzerland.

### ■ ISO 9001

An international standard for quality management systems set by the ISO. Systems that meet ISO 9001 are certified by qualified certification bodies. The ISO 9000 series targets systems established by organizations for quality maintenance and management.

### ■ ISO 14001

An international standard for environmental management systems set by the ISO. Systems that meet ISO 14001 are certified by qualified certification bodies. The ISO 14000 series is designed to help organizations manage their environmental impact.

### ■ ISO 26000

An international standard on corporate social responsibility issued by the ISO in November 2010. The standard provides guidance on the social responsibility criteria that can be applied to any organization, but is not designed for certification by third parties.

## J

## ■ JBRC

The Japan Portable Rechargeable Battery Recycling Center, an incorporated association that promotes the recycling of small rechargeable batteries based on the Act on the Promotion of Effective Utilization of Resources.

## K

## ■ Kurumin

The name of the Next-Generation Childcare Support Certification Mark. Japan's Ministry of Health, Labour and Welfare approves the use of this mark by companies and corporations that meet the predefined criteria for proactively engaging in childcare support.

## L

## ■ LCA

Life cycle assessment, an objective method to quantitatively evaluate the environmental impact of products and services throughout their lifecycles, including the exploitation of resources and the manufacture, use, disposal, and transportation of the products.

## M

## ■ MFCA

Material flow cost accounting. A method that measures the flow and stock of raw materials and energy in an organization in terms of weight, capacity, volume, etc., and evaluates them in monetary units. By visualizing the cost of waste materials, MFCA makes it possible to both improve productivity and reduce waste.

## ■ MS-SRI (Morningstar Socially Responsible Investment Index)

An index of socially responsible investments that was jointly developed by Morningstar Japan K.K. and the Center for Public Resources Development. Stock prices of 150 selected Japanese listed companies that are judged as having excellent social qualities are indexed.

## N

## ■ NOx

Nitrogen oxide, one of the substances that cause air pollution and acid rain.

## O

## ■ Ozone-depleting substances

Substances that cause depletion of the ozone layer, and especially those regulated under the Montreal Protocol, are often referred to as ozone-depleting substances. In Japan, substances regulated under the Act on the Protection of the Ozone Layer are deemed to be ozone-depleting substances. These substances include organochlorine compounds such as specified CFCs (11, 12, 113, 114, and 115), other CFCs (such as CFC 13), trichloroethane, and carbon tetrachloride, and organobromine compounds such as specified halons (1211, 1301, and 2402).

## P

## ■ PrivacyMark

A registered trademark, usage of which is approved by the Japan Institute for Promotion of Digital Economy and Community (JIPDEC), for businesses that have met prescribed requirements regarding the protection of personal information.

## ■ PRTR

The "Pollutant Release and Transfer Register" system is a system used by governments to collect, tabulate, and disclose data on chemical substances that might have harmful effects on human health and ecosystems. They are identified and reported to governments once per year by companies.

## R

## ■ REACH Regulation

A regulation on chemical substances issued by the European Union (EU) in 2007. "REACH" stands for the "Registration, Evaluation, Authorization, and restriction of Chemicals," and manufacturers and importers of chemical substances are mandated to register information on the safety and use of these substances under the regulation.

## ■ Risk management

Provides a method to minimize the impact and damage that might be caused by various risks by reducing or preventing the materialization of these risks.

## ■ RoHS Directive

"RoHS" stands for "Restriction of Hazardous Substances." This directive was adopted by the EU in 2003. It restricts the use of certain hazardous chemical substances in electrical and electronic equipment with a view to minimizing the risks that these substances pose to the environment and human health.

## S

## ■ SAICM

The Strategic Approach to International Chemicals Management, an international agreement on the management of chemical substances made to achieve the target of the Johannesburg Plan of Implementation, which aims to achieve the following: that by 2020 chemicals are used and produced in ways that lead to the minimization of significant adverse effects on human health and the environment.

## ■ SOx

Sulfur oxide, one of the air pollutants that cause photochemical smog and acid rain.

## ■ SRI

Socially responsible investment, investing in companies that have been evaluated not only on their business performance, profitability, growth potential, and other financial data, but also on CSR-related aspects such as their social, ethical, and environmental commitments.

## ■ Stakeholders

For a company, the term stakeholder refers to all the people and organizations with which it has a relationship. Specifically, stakeholders include customers, shareholders, investors, employees, business partners, and local communities.

## ■ Stakeholder dialogue

Communication between a corporation and stakeholders in order to create awareness within the corporation of the expectations and requirements of stakeholders.

## ■ Supply chain

The flow of products and services to consumers, including the procurement of materials and the manufacture, sale, and transportation of products.

## ■ Sustainability

For an organization, sustainability refers to the ability to develop itself over generations in a sustainable manner from environmental, social, and economic aspects. The goal of "sustainable development" is to "meet the needs of the present without compromising the ability of future generations to meet their own needs."

Source: World Commission on Environment and Development, Our Common Future, Oxford University Press

## T

## ■ Telematics

A system in which mobile objects, such as automobiles, are equipped with a communications system that share information including fuel consumption.

## U

## ■ UN Global Compact

Proposed by then UN Secretary-General Kofi Annan at the World Economic Forum held in Davos in 1999 and officially launched at UN Headquarters in New York in 2000. The Global Compact comprises 10 principles on human rights, labor standards, the environment, and anti-corruption. Companies that ratify this initiative are required to comply with and implement the 10 principles.

## W

## ■ WEEE Directive

This directive, which mandates manufacturers to recover and recycle "Waste Electrical and Electronic Equipment" in and after August 2005, was enacted by the EU.

## Z

## ■ Zero emissions

A concept proposed by the United Nations University in 1994 with a view to reducing waste from the whole of society to zero by recycling waste from one industry for use as resources for other industries.

Pictures on the front cover



Painted by Daigo Sasaki  
(11 years old, Japan)



Painted by Pustemova Pyslana  
(10 years old, Ukraine)



Painted by Linda Melisa Osuna  
Vargas (8 years old, Mexico)

These are pictures that won prizes at the International Children's Painting Competition on the Environment.  
(Theme: "Biodiversity: Connecting With Nature")

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

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



**NIKON CORPORATION**

Shin-Yurakucho Bldg., 12-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo 100-8331, Japan

[www.nikon.com/](http://www.nikon.com/)

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Nikon Corporation is recognized by the SRI<sup>□</sup> and is included in the FTSE4Good<sup>□</sup> Japan Index in recognition of its commitment to CSR since 2004. In September 2010, Nikon Corporation was also selected as a component stock in the Morningstar Socially Responsible Investment Index (MS-SRI).<sup>□</sup>



**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.