

# Nikon CSR REPORT 2013

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, Member of the Board

Date of Establishment: July 25, 1917

Capital: ¥65,475 million (as of March 31, 2013)

Net Sales: Consolidated; ¥1,010,493 million

Non-Consolidated; ¥749,198 million (for the year ended March 31, 2013)

Number of Employees: Consolidated; 24,047 (as of March 31, 2013)

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

Non-Consolidated; 5,583 (as of March 31, 2013)

\* 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)

(as of March 31, 2013)

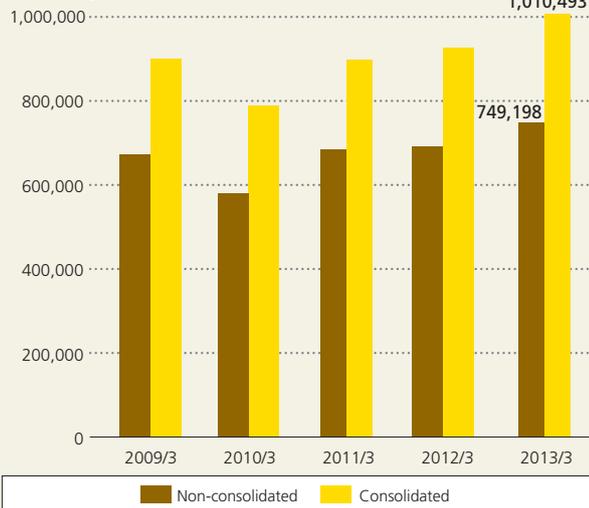
Region	No. of companies
Japanese Nikon Group companies (excluding Nikon Corporation)	15
European Group companies (12 countries)	28
Asian/Oceanian Group companies (9 countries)	17
Americas Group companies (4 countries)	11

## Web Group companies:

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

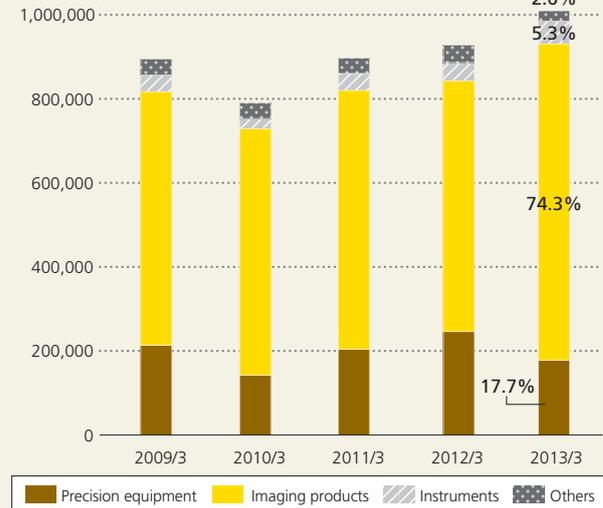
## ■ Sales (Non-Consolidated, Consolidated)

(Millions of yen)



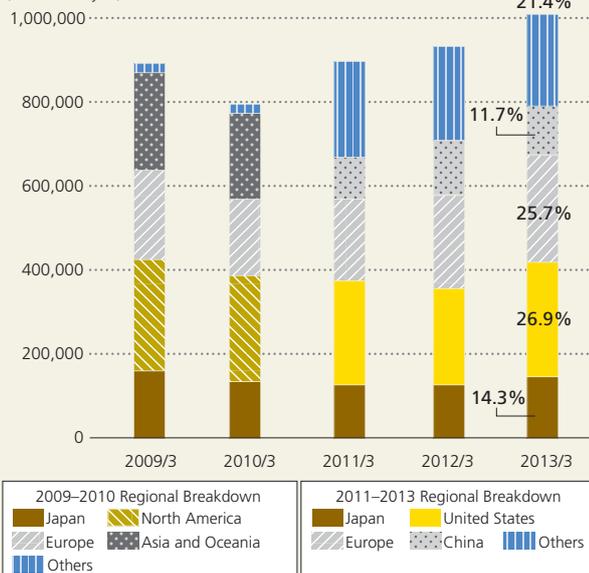
## ■ Sales Breakdown by Business (Consolidated)

(Millions of yen)



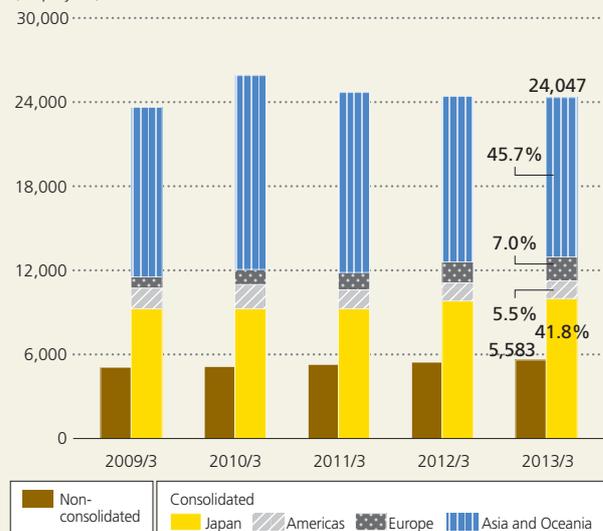
## ■ Sales Breakdown by Region (Consolidated)

(Millions of yen)



## ■ Employee Numbers (Non-Consolidated, Consolidated)

(Employees)



\* Consolidated figures include permanent and non-regular staff of 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 assigned, 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 enjoy with all stakeholders<sup>□</sup>, it is of vital importance to actively and frankly disclose corporate information. As such, the annual CSR report serves as an important tool for promoting communication between the Nikon Group and its stakeholders.

## ■ Information disclosure media for CSR<sup>□</sup> reporting

In order to report on the Nikon Group's CSR activities in the fiscal year ended March 31, 2013, we have published a PDF version of Nikon CSR REPORT 2013 (this report) online and a printed digest of the report.

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

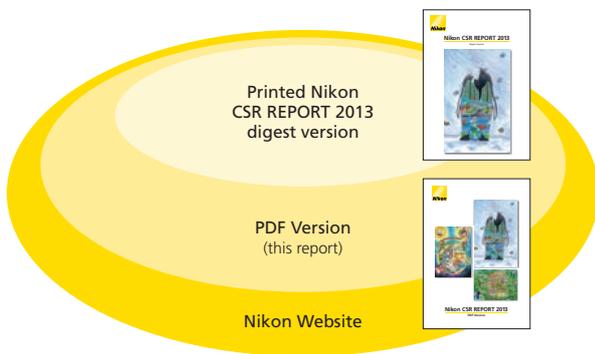
<http://www.nikon.com/>



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



—Related information is available on the Nikon website.



## ■ Reporting period and boundary

This report focuses on the period from April 1, 2012 to March 31, 2013 (the year ended March 31, 2013), and also includes some information about activities conducted in and after April 2013. 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 71 consolidated subsidiaries and two equity method affiliates, and "Nikon Group" refers to Nikon Corporation and the Group companies. In cases where a specific boundary is defined, details are clearly specified in each respective section. Unless otherwise stated, the term "employees" includes Nikon Group corporate executives, permanent and non-regular staff, contract workers, dispatched workers, part-time employees, and temporary personnel.

## ■ References

This report has been drawn up with reference to the Global Reporting Initiative's<sup>□</sup> *Sustainability Reporting Guidelines*<sup>□</sup> G3.1, the Japanese Ministry of the Environment's *Environmental Reporting Guidelines*<sup>□</sup> (2012), and the International Organization for Standardization's *ISO 26000*<sup>□</sup>: 2010—*Guidance on Social Responsibility*.

## ■ Next edition (plan)

September 2014 (previous edition published in September 2012)

## ■ 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.com

### [Environmental matters]

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

Ochanomizu Sola City, 4-6 Kanda Surugadai, Chiyoda-ku, Tokyo  
101-0062, Japan

Tel.: +81-3-3525-4024 Fax: +81-3-3525-4058

Email: Eco.Report@nikon.com

Nikon Group Profile .....	1
Message from the President .....	3
Conducting CSR Activities throughout Product Life Cycles.....	5
Nikon's Business and Society .....	6
Feature Article 1: Business Activities and CSR in the Nikon Group.....	7
Column: Assisting Reconstruction through Photography/ For the Creation of a Sustainable Energy-Recycling Society .....	11
Feature Article 2: Stakeholder Dialogue <sup>□</sup> Fulfillment of CSR throughout the Supply Chain <sup>□</sup> .....	12

## Nikon's CSR Foundation

CSR Policy.....	15
Priority Issues Set Forth in the CSR Medium-Term Plan.....	17
CSR Promoting System .....	18
Targets and Results for the Priority Issues .....	19
Corporate Governance <sup>□</sup> .....	21
Implementation of a Risk Management PDCA Cycle.....	23
Dialogue with Stakeholders .....	25
Quality Control for Nikon Products .....	26

## Expansion and Promotion of Environmental Management

Environmental Management .....	27
Product-related Activities/Eco-friendly Products.....	33
Activities at Facilities.....	38

## Implementation of Compliance<sup>□</sup> Activities

Global Promotion of Compliance Activities .....	45
---	----

## Respect for Human Rights and Work Environments, and Promoting Diversity in Workforce

Promotion of Diversity <sup>□</sup> Activities/Improvements in the Labor Environment.....	47
--	----

## Co-existence with Society and the Natural Environment

Social Contribution Activities .....	54
--------------------------------------	----

## Promotion of CSR Activities in the Supply Chain

Supply Chain Management .....	58
-------------------------------	----

External Evaluation.....	61
--------------------------	----

GRI Content Index.....	62
------------------------	----

Third-Party Comment / External Assurance .....	65
--	----

\* Nikon CSR Report 2013 Glossary

## Message from the President

# To Be a Corporate Group That Consistently Offers New Value and Aims for Sustainable Growth



*Makoto Kimura*

**Makoto Kimura**

Representative Director,  
President, Member of the Board  
Nikon Corporation

### **What is your opinion looking back on the business environment in the year ended March 31, 2013, and how has the Nikon Group been conducting its CSR activities under such circumstances?**

Although emerging economies have the potential to achieve further growth, the world economy is still stagnant and we have been facing ongoing challenges. The Nikon Group, however, is committed to achieving sustainable growth and to this end is analyzing the present situation and identifying problems with a view to enhancing its business structure. Companies are also members of society, and those that act only in accordance with their own priorities will not be able to achieve sustainable growth. Companies are required to pursue their business in line with certain socially beneficial criteria and should perform CSR as an integral part of their corporate activities. Based on this recognition, in its Medium Term Management Plan the Nikon Group positions the commitment to “Conduct CSR-oriented global business activities” as one of its key measures and regards the following as priority CSR issues: “Expansion and promotion of environmental management,” “Implementation of compliance activities,” “Respect for human rights and work environments, and promoting diversity in the workforce,” “Promotion of social contribution activities,” and “Promotion of CSR activities in the supply chain.” We have set specific targets for each issue and are carrying out activities designed to meet them.

### **How is the Nikon Group contributing to solving social problems through its products and services?**

It is very important that, ultimately, companies contribute to the public good through their corporate activities. For its part,

the Nikon Group manufactures products that improve people’s quality of life. The semiconductor and LCD exposure systems that we deal with in our precision equipment business are essential for the development of visual and information devices. In the imaging business, meanwhile, we help people to record their lives and express themselves, which is a basic human desire, through photography. In the instruments business, we provide products that support medical research and development. Moreover, in 2012 we announced that we would also enter the health and medical field and have already been conducting activities in these domains. These days, everything is changing so rapidly, including our values and lifestyles. In response to this, companies need to change, too. The Nikon Group has been taking on the challenge of transforming itself for each of the 96 years since its foundation. We will continue to take on new challenges and provide new value by responding promptly to social change.

### **In what other ways can companies contribute to society in addition to making contributions through their products and services?**

One example would be in relation to the issue of conflict minerals, where there is a global trend among companies to prevent the infringement of human rights in Africa by fostering the fulfillment of CSR policies across their supply chains. Nikon did this by establishing a dedicated project team to develop meaningful responses to the issue and began implementing cross-organizational measures through the team. In parallel with this, we revised the Nikon CSR Charter in February 2013 to clarify the social responsibilities that Nikon will strive to fulfill across the supply chain. There are now increasing requirements on companies around the world to ensure that not only their final products but

also the products' component parts comply with CSR criteria. To meet this requirement, companies will improve their business processes, making them thereby more able to contribute to the solution of social problems.

It is also important for us to conduct activities by making use of Nikon's unique expertise. For example, to support the recovery of areas afflicted by the Great East Japan Earthquake, we have been implementing activities focusing on photography under the slogan, "Assisting Reconstruction through Photography," including the Photo Book Project for Junior High School Students. We will continue these activities in order to help share people's experiences of the massive disaster and not to let the memories fade away.

### **What do you think about environmental issues?**

I think there are major social expectations upon us to achieve results in the environmental arena, particularly with respect to cutting greenhouse gas emissions. This ties in with resource use, which we must do efficiently since resources are not unlimited. In order to reduce the Nikon Group's total greenhouse gas emissions, I think it is necessary for us to review the emission criteria and launch new initiatives.

Also, as a company, Nikon needs to constantly consider how to help the world reduce its total emissions. For example, if the density of ICs is increased through the technological innovation of semiconductor manufacturing equipment, the products containing such ICs will use less electricity. It is important for the Nikon Group to continue taking on the challenge of proposing more solutions by making use of its technologies and know-how.

### **How should the Nikon Group share its CSR values across the Group as its activities become more globalized?**

Within the Nikon Group, overseas sales account for 86% or more of total sales and this figure has been increasing every year. Furthermore, at least 60% of the Group's employees are working outside Japan, with those working in the Asia and Oceania regions accounting for 40% or more of the total. We are conducting businesses in three different business environments, specifically, in developed countries, emerging economies and in Japan, and Japanese values are not necessarily shared by people in other parts of the world. It is necessary for the Nikon Group to share its basic values across the Group, but in pursuing business in various countries and regions, we must learn to apply the values in a flexible manner in consideration of differences of culture, custom, history and values among the different countries and regions.

At the same time, we need to share the fundamentals of CSR as a universal value. In the event that issues relating to human rights, environmental destruction or corruption crop up in any of the regions in which we do business, we will be able to avoid the risks of legal and regulatory noncompliance and loss of brand value and maintain the trust of our stakeholders by adhering to these fundamentals.

### **What measures is the Nikon Group implementing to foster the fulfillment of CSR on a global scale?**

The Nikon Group has been advocating the United Nations Global Compact since 2007 and expressing its support of the 10 principles on human rights, labor, environment and anti-

corruption. Also, in order to enhance the fulfillment of CSR outside Japan, we have been establishing regional systems for the comprehensive promotion of CSR activities. Furthermore, in the fiscal year ended March 31, 2013, we set the "Nikon Group HR Vision." I believe Nikon should provide all employees across the world with an environment in which they can work with high motivation as a precondition for the company to achieve sustainable growth. In order to foster globalization and diversity in a true sense, we will further accelerate the implementation of current measures, recognizing the important role to be played by the head office.

### **What do CSR activities mean for the Nikon Group?**

In carrying out our business activities, we need to also fulfill the social roles we play with respect to our stakeholders. I got a strong sense of this when I visited a Nikon Group manufacturer in Thailand before I was formally inaugurated as president of Nikon. Visiting the factory, which employs more than 10,000 people, brought home to me my responsibilities as head of the company on which their livelihoods depend. Since then, in managing the company, I am constantly thinking about how to help improve people's quality of life in addition to focusing on the company's business performance.

The Nikon Group upholds a "spirit of innovation" and "fun" as the key to enhancing its brand. Even if it seems difficult for us to achieve a certain innovative plan, we will take on the challenge of implementing that plan with a spirit of innovation and without letting ourselves being trapped by conventional ideas. As well as letting us have fun, this process renders us able to provide customers and society at large with new value, including delivering the same "spirit of innovation" and "fun" to them. Likewise, fulfilling our CSR should be something we enjoy and have fun with, rather than something we perform as an obligation.

Let me just end by saying that we will keep working to enhance our relationship of trust with our stakeholders and continue taking on the challenge of creating new value, thereby achieving sustainable growth as a company while also helping society achieve sustainable growth.

#### **The Five Basic Policies of the Medium Term Management Plan**

##### **Expanding the Nikon brand**

We will combine the elements of "spirit of innovation" and "fun" to further expand the Nikon brand.

##### **Realizing robust corporate characteristics**

We will realize robust corporate characteristics able to respond to changes in the business climate in a flexible and timely manner.

##### **Reinforcing a leading position**

We will acquire decisive leading positions in our existing businesses.

##### **Establishing new businesses**

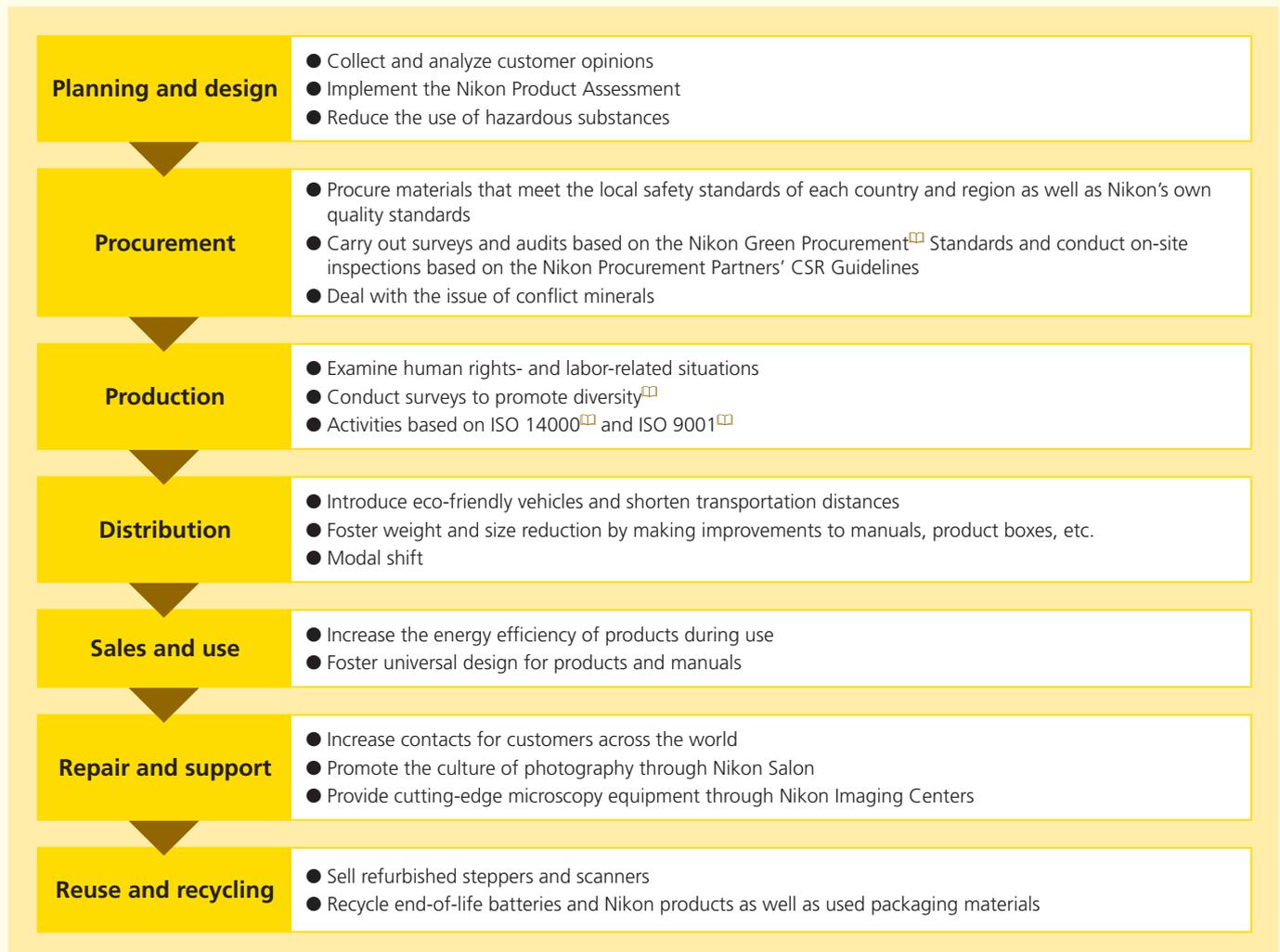
We will expand into new business fields to establish new core businesses within the plan year.

##### **Corporate social responsibility (CSR)**

We recognize the importance of CSR and will contribute to the sustainable development of society.

# Conducting CSR<sup>□</sup> Activities throughout Product Life Cycles

We implement a range of CSR activities during each of the life cycle stages of our products.



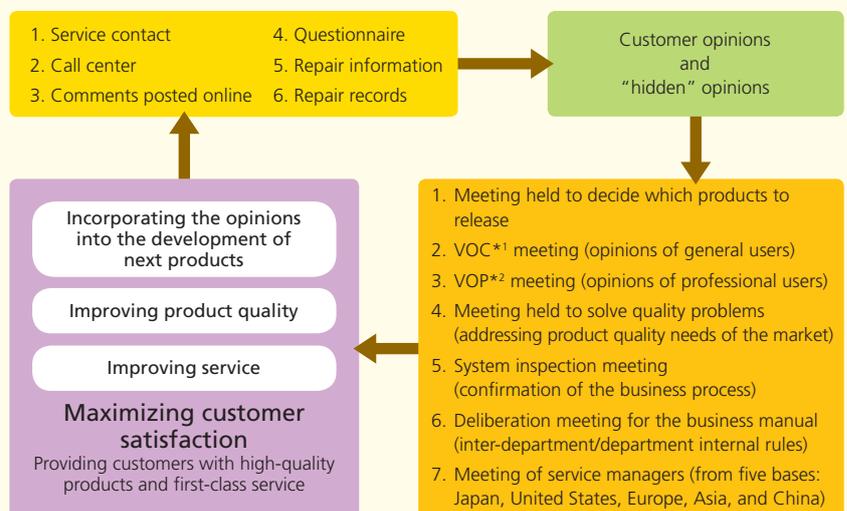
## FOCUS Cycle to incorporate customer opinions at the Imaging Company

We collect the opinions of our customers directly via our call centers and service contacts and also find out the "hidden opinions" of customers through various other means. We analyze and utilize these opinions in several ways.

Firstly, we hold VOC and VOP meetings with the participation of managers from each department in order to incorporate the collected opinions and other information into the development of new products as well as to examine the causes of quality problems from all angles in order to resolve them. In addition, we hold a meeting to decide which products to release, at which all responsible employees share information so as to make improvements and ensure that new products truly meet the needs of customers.

Moreover, in the meeting of service managers, we set global targets, check our progress, and share the latest information. By exchanging information via these various forums, we strive to improve both our R&D and service quality.

### ■ Cycle to incorporate customer opinions

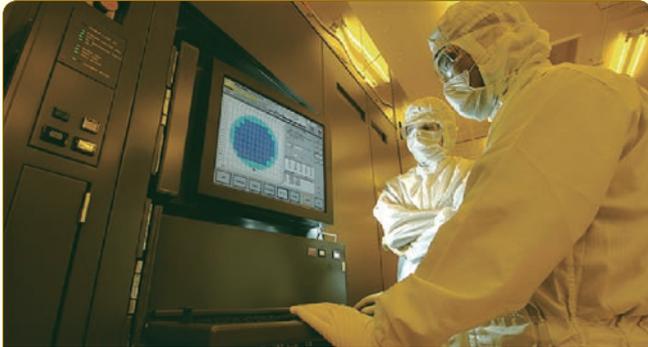


\*1 VOC: Voice of Customers

\*2 VOP: Voice of Professional Photographers

# Nikon's Business and Society

Nikon is developing a broad spectrum of advanced technologies, products, and services, centering on its precision equipment, imaging, and instruments businesses, and based on opto-electronics and precision technologies.



## Precision Equipment Company

IC steppers and scanners, LCD

Semiconductors (ICs) and liquid crystal displays (LCDs) represent the core components of the IT devices that are indispensable for modern living, such as home electrical appliances, smartphones, and personal computers. The Precision Equipment Company provides IC/LCD steppers and scanners globally, which are essential for the manufacture of ICs and LCDs, thereby supporting the development of an IT-based society and helping people to lead more fulfilling lives.

→ p. 7



## Imaging Company

Digital cameras, film cameras, interchangeable lenses, speedlights, photographic accessories, software, binoculars, fieldscopes, and laser rangefinders

This in-house company designs, develops, manufactures, and sells cameras, camera-related products, and other imaging products, and also provides related services. Moreover, the company is engaged in a range of imaging activities, including offering an image sharing and storage service, thereby delivering new value to customers and contributing to the development of the culture of photography.

→ p. 8



## Instruments Company

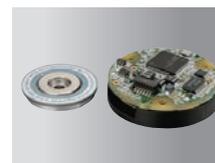
Biological microscopes, industrial microscopes, stereoscopic microscopes, measuring instruments, semiconductor inspection equipment, total stations, GPS and GNSS surveying systems, and surveying CAD systems

In addition to providing high-precision images and data by capitalizing on its long-accumulated optical technologies, this in-house company searches for ways to provide its customers with more "information" and delivers imaging solutions based on its core technologies. Through these activities, the company contributes to the development of bioscience and other industrial fields.

→ p. 9



©National Astronomical Observatory of Japan



## Other businesses

### Customized Products Business

Customized optical equipment, space-related equipment, astronomy-related equipment, and optical components

### Glass Business

Synthetic silica glass, calcium fluoride, and photomask substrates for LCD

### Encoders Business

Absolute encoders, digital length measuring system and rotary encoders

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

Ophthalmic lenses and hearing aids

→ p. 10



Feature Article 1

## Business Activities and CSR in the Nikon Group Precision Equipment Company

# Supporting the Progress of the Semiconductor Industry with Immersion Technology

### Developing exposure systems for high-performance semiconductors focusing on miniaturization technology

Embedded in a range of products such as home electric appliances and automobiles, semiconductors are core components that serve a control function like that of a brain. To improve the performance and functionality of such products, therefore, it is necessary to improve the performance of semiconductors. For this, miniaturization technology that can make the conduction lines that serve as the electronic circuits ever thinner is crucial. For example, if the line width is halved, the number of circuits that can be formed on the same chip increases fourfold, making it possible to manufacture semiconductors with higher performance. Electronic circuits are formed on semiconductors by demagnifying the pattern formed on the master plate, called a “reticle,” through a projection lens and exposing it on a silicon wafer by using semiconductor exposure equipment. This is the most important process in semiconductor manufacturing. To support this process, the Precision Equipment Company has been developing and manufacturing semiconductor exposure systems that contribute to the further miniaturization of electronic circuits. We are supplying these products to semiconductor manufacturers around the world.

### Exceeding the limits of conventional miniaturization by using water-based immersion technology

For further miniaturization, it is critical to improve the resolution of semiconductor exposure equipment, which means shortening the wavelength of the light source or increasing the numerical aperture (NA) of the projection lens. In principle, however, it is difficult to further increase the NA with the exposure light passing through air. To solve this problem, we adopted immersion technology. Specifically, we changed the medium, through which the exposure light passes from air to purified water, which has a higher refractive index. The water fills a gap of several millimeters extending between the projection lens and the wafer and so serves as an additional lens. Using this technology, we were able to improve our exposure equipment for the etching of fine lines on chips without altering the basic structure of the system.

### World’s first semiconductor exposure system based on immersion technology

In applying the immersion technology, however, we had to solve the following problems: how to maintain the water filling the gap between the projection lens and the wafer in a stable state, despite the high-speed movement of the wafer stage, and how to repeat wafer exchange without interrupting the supply of purified water. To meet these challenges, we developed the Local Fill Nozzle and Tandem Stage technologies, which have made it possible to ensure high productivity and precision without disrupting the flow of purified water. Using these core technologies, through a process of trial of error we overcome various other difficulties for the successful application of the immersion technology.

In 2006, as a result of adopting the immersion technology, the Precision Equipment Company released the world’s first semiconductor exposure system equipped with a projection lens with an NA of 1.07, which is higher than the maximum NA possible when air is used as the medium (NA 1.0). Since then, we have been developing and releasing a succession of systems that perform even better. High-performance semiconductors made using the immersion technology are already embedded in a range of products that contribute to convenience and quality of life.



The ArF Immersion Scanner NSR-S621D a semiconductor exposure system released February 2012, was also developed using immersion technology.



**Hiroto Horikawa**  
First Development Section, Next-Generation Product Development Department, Development Headquarters, Semiconductor Equipment Division, Precision Equipment Company, Nikon Corporation

Since Horikawa began participating in the development of semiconductor exposure equipment he has designed stages and bodies of semiconductor exposure equipment. He is now in charge of designing the concepts for next-generation models.

### **FOCUS** Contributing to the wider use of LCD panels through LCD exposure equipment developed using the proprietary technologies

The Precision Equipment Company also develops and manufactures LCD exposure equipment used in the production of LCD panels. We have a range of proprietary technologies in this field also, including the “multi-lens array method,” which is an exposure technology that allows the user to array multiple projection lenses with high accuracy and smoothly stitches the patterns exposed by each of the lenses. This technology was commended by

the Prime Minister of Japan in the product and technological development division at the Fourth Monozukuri Nippon Grand Award in recognition of its contribution to the manufacture of larger LCD panels—something that was difficult with conventional equipment—and to the efficient production of large, high-quality LCD panels, which thereby fostered the rapid spread of large TVs and LCD monitors.



Feature Article 1

Business Activities and CSR in the Nikon Group  
Imaging Company

## Family Cameras that Even Children Can Use Bring Families Closer Together

### “Family cameras” turn children into keen photographers

In most families, the children are usually the ones in front of the camera. But if they can also take pictures of their parents, even more memorable family moments can be captured forever. For me, the term “family camera” means a camera that parents can let their children use without having to worry about anything going wrong.

I was engaged in the development of the compact COOLPIX S30 (“S30”) camera, which is the first Nikon family camera. It’s so easy to operate that even elementary school-aged children can enjoy taking photos with their parents. Both waterproof and shockproof, the camera is reasonably priced and, even though it’s designed mainly for children, is equipped with all the basic functions. This makes it a unique item.

Today, people use both their cell phones and smartphones as cameras, which makes cameras a familiar item even to small children. We developed the family camera based on an aspiration to provide children with a real camera that they could have fun with. I have a child myself, so I was also thinking about my own family.



Children have no trouble using the COOLPIX S30, Nikon’s first family camera

### Seeking to create a camera that anyone can use based on findings from a children’s photography class

Although we had begun to develop a camera that was easy for children to use, during the initial stage we had no specific ideas about its shape or price. To determine these kinds of details, the development team including myself observed a photography class for elementary school children put on by a leading newspaper with support from Nikon’s Social Contribution Section. In the class, the participants used single-lens reflex cameras but we decided to develop a compact camera that would be accessible to more children.

We developed the S30 by engaging in detailed research. As a result, we came up with a shape that would be easy for a child to get a firm grip on while pressing the shutter. The lens,

meanwhile, is centered inside the body to eliminate the risk of fingers getting into the picture. Moreover, we used simple expressions for the menu screen, like “Fisheye” instead of “Add a fisheye effect.”

The camera also features a message exchange function. This means that you can record two voice messages for each image. I contributed to the development of this function based on my own experiences of using a diary to exchange messages with my parents when I was a child. Using the family camera, I now enjoy exchanging voice messages with my child along the lines of “I took a photo of a flower” and “Wow! It’s really big.” As a member of the development team, I was pleased to hear one of my child’s friends asking Santa Claus for an S30 after seeing my child use one.

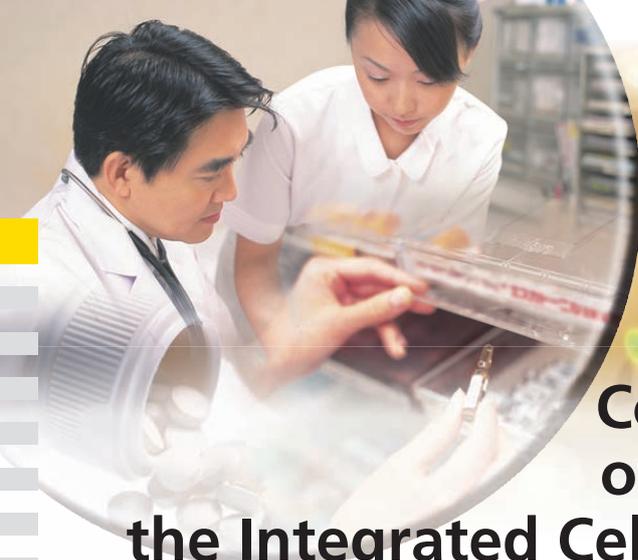
### Easy-to-use cameras encourage budding photographers

Wanting to get family cameras into the hands of more people, we released the COOLPIX S31 in February 2013 as the successor to the S30. We have equipped the S31 with improved waterproof and shockproof protection and have also reviewed the menu for simple operation.

In the past, cameras were developed mostly for adult users. By adding family cameras to our product lineup, we have actually provided families with a new communication tool. Designed mainly for use by children, these family cameras are also good for adults who are not particularly adept at using digital devices, like some elderly people, for example. In the future, I hope to develop more cameras that will help bring families closer together.

Yukako Yamada  
Junior Executive Staff,  
Marketing, Consumer Products  
Marketing Department,  
Marketing Headquarters,  
Imaging Company, Nikon Corporation  
Yamada joined the company in 1996 and was assigned to the marketing section of the camera division. She was then transferred to the newly created Marketing Headquarters and has since been engaged in product planning for the COOLPIX.





Feature Article 1

## Business Activities and CSR<sup>■</sup> in the Nikon Group Instruments Company

# Contributing to the Generation of Revolutionary iPS Cells with the Integrated Cell Culture Observation System

### iPS cell recording by the BioStation CT eliminates need for visual monitoring

Induced pluripotent stem (iPS) cells are cells that can be differentiated into any kind of human cell, including skin and organ cells. The term “iPS” is well known in the public domain, thanks to the work of Professor Shinya Yamanaka, a leading researcher who won the 2012 Nobel Prize in Physiology or Medicine in 2012. Because they can be applied to the development of new pharmaceuticals and regenerative medicine, iPS cells are attracting considerable attention. The culture of the sensitive cells needs to be monitored and recorded, for which the BioStation CT cell culture observation system made by the Instruments Company is quite useful. The system is equipped with an incubator, which provides a suitable environment for the cell culture (37 degrees Celsius, humidity exceeding 90%, and a fixed concentration of CO<sub>2</sub>), and has a built-in high-precision microscope that enables the automatic monitoring and filming of the live cells. Research into iPS cells is conducted through the following three processes: (1) reprogramming to make iPS cells by implanting specific genes into cells derived from the skin and others; (2) multiplication to increase the number of iPS cells; and (3) induction of the differentiation of iPS cells into various kinds of cells. There is a range of problems to be solved in each of the three processes. In the reprogramming process, for example, the possibility of successful iPS cell generation is as low as about one in 10,000. Moreover, in the past, researchers had to monitor cell changes with their own eyes using a microscope.

The team at the Kyoto University research center headed by Professor Yamanaka was among those who checked the generation of iPS cells themselves until they installed a BioStation CT in 2008, one year after the product’s release.

### Identifying iPS cells through phase-difference observation based on the difference in light refraction between cells

We subsequently received a request from Professor Yamanaka’s team to add a function to automatically identify whether or not the iPS cells have been generated. In response, we developed an algorithm for image analysis and measurement software. Specifically, we adopted the phase-difference observation technology to identify iPS cells based on the difference in the refraction of light between cells, which is caused by differences in the cell thickness, as well as on pattern recognition technology developed for our semiconductor testing equipment. Compared with the conventional method in which fluorescent substances are used to color cells to identify the targeted cells, the phase-difference technology is technically more difficult. However, we made efforts to develop the technology to create a system that can

ensure the safety of iPS cells, which will be utilized for medical treatment.

As our first full-scale cell culture and observation apparatus, the development of the BioStation CT posed a variety of new challenges. Researchers who used the prototype gave it a high rating, saying, “We can see cells very clearly using this system.” These comments were very encouraging in our efforts to overcome a range of difficulties in the development stage.

For the practical application of iPS cells, it is necessary to continue further research, for which the BioStation CT will be of great help. At present, iPS cells are being generated around the world using a range of methods, but the quality of the generated cells is not always assured. In light of this fact, since 2012, we have been developing a technology to automatically identify high-quality iPS cells supported by the New Energy and Industrial Technology Development Organization (NEDO).

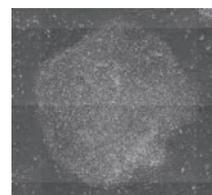


Image of an iPS cell captured by the BioStation CT’s built-in high-precision microscope

BioStation CT cell culture observation system

### BioStation CT technology soon to be utilized for the development of new drugs

I think iPS cells will be used for the creation of new drugs before they are applied in the field of regenerative medicine. Specifically, iPS cells might be used to discover the etiology of diseases and evaluate the efficacy of pharmaceuticals, for which the BioStation CT technology will also be useful. Some investigators have written papers on research they’ve conducted on iPS cells using the BioStation CT system, which indicates the real contribution made to the field of medicine by the Instruments Company through its products. In February 2012, we launched the New Business Development Section within the in-house company.

Through this section we will continue to manufacture products that are even more useful to society, capitalizing on the BioStation CT technology.



Yasujiro Kiyota  
Manager, New Business Development Section,  
Business Planning Department, Instruments  
Company, Nikon Corporation

Kiyota has been engaged in the development of the BioStation CT since 2004. In 2012, he was transferred to the Business Planning Department and has since been implementing business expansion initiatives for the BioStation CT.

## An Introduction to some of our other Businesses and Group Companies

[Nikon-Essilor Co., Ltd.] (Japan)

# Opening up the Visible World with High Quality Lenses

### Developing progressive lenses to suit contemporary lifestyles

Most manufacturers of corrective lenses make it their mission to help people achieve clear vision, as does Nikon-Essilor. Engaged in the development, manufacture and sale of corrective lenses and related items, it is committed to delivering products that provide people with clear vision in a comfortable manner. Nikon-Essilor was founded in 2000 as a joint venture between Nikon Corporation and leading French lens manufacturer Essilor International S.A. Since its foundation, the joint venture has been expanding by combining the design and manufacturing technologies and distribution networks of the two companies.

The core product offered by Nikon-Essilor is the progressive lens. A progressive lens is a lens with a changing gradient of optical power that provides the wearer with clear vision for both near and far distances. Digilife is a type of progressive lens that responds to contemporary needs by offering wearers even clearer, more comfortable vision when using computers and cell phones.

The optical power of Digilife changes more smoothly than conventional lenses for a better transition from far to near correction. This makes it easier for wearers to focus on computer and cell phone screens by reducing blurriness and distortion. Moreover, the lens offers a field of view that is about twice the width of a conventional progressive lens for distances of 60 to 80 centimeters in front of the wearer—about the distance most people sit from a computer monitor, which enables the wearer to see the entire screen in comfort.



\* Image

### Winning two prizes at the Good Design Award for products developed using Nikon's optical technologies

We developed Digilife by listening to feedback from optometry store staff who wanted to offer their customers more user-friendly progressive lenses. Understanding the importance of developing products that keep up with changing needs, we always endeavor to use Nikon's optical design technologies to best advantage.

Digilife, which is marketed as Nikon Presio Life in Japan, is a good example adapting Nikon's technological strengths to suit contemporary lifestyles. It was awarded a prize at the Japan Institute of Design Promotion's Good Design Award 2011 (also known as G-Mark Award) for its contributions to encouraging the wider use of progressive lenses. The lens coating SeeCoat Blue (marketed as Nikon See Clear Blue in Japan), which is designed to block part of the blue light emitted by LEDs used in computer screens and lighting equipment, also won a prize at the same award. This led to huge interest in the concept of blocking blue light and an explosion in the number of blue light-blocking products.

### Supporting the Special Olympics with a view to providing more people with high-quality corrective lenses

We are committed to providing high-quality corrective lenses to people who need them. To fulfill this commitment, since 2004, we have been offering corrective lenses to participants in the Special Olympics, a sports event for people with mental developmental disabilities. As a manufacturer of corrective lenses, our aim is to help these athletes enjoy a better quality of life and participate fully in society by providing them with corrective lenses and sharing with them the importance and joy of clear vision.

There's no doubt that it's difficult for people to choose the most optimal corrective lenses for themselves. We therefore make every effort to offer comprehensive responses to all consumer inquiries in an effort to mitigate any concerns to the extent possible. We regard this as one of our most important tasks and it is one for which we often receive thank-you letters from users.

Kotaro Kato  
General Manager, Marketing Department,  
Nikon-Essilor Co., Ltd.  
Kato was transferred to Nikon-Essilor in 2000,  
when Nikon shifted its ophthalmic business to  
the joint venture, and is currently in charge of  
marketing for corrective lenses.



## Assisting Reconstruction through Photography Two Years on from the Great East Japan Earthquake

Driven by its belief in the power of photography, the Nikon Group will continue to engage in a range of activities to ensure the disaster is not forgotten.

### The first anniversary of the Nikon Plaza Sendai

Nikon Imaging Japan Inc. has been operating the Nikon Plaza Sendai as a base from which to support recovery from the disaster since February 2012. Commemorating the first anniversary of the facility, the company, with support from Nikon Corporation, held a series of exhibitions over a five-month period from February 2013. These exhibitions displayed works created by NPOs and NGOs in conducting support activities in the disaster-affected areas.



An exhibition of OISCA's Coastal Forest Restoration Project

### Holding a series of exhibitions under the title "Remembrance3.11"

A series of exhibitions on the theme of the Great East Japan Earthquake were held in February and March 2012, and March 2013, at the Nikon Salon (see p. 57), which provides a space for displaying fine photographic work by both professional and amateur photographers. We will continue to implement this project for several years as a cultural activity to support recovery from the disaster.

(See p. 56: Co-existence with Society and the Natural Environment: Supporting Disaster Recovery)



Nikon Salon exhibition "Remembrance3.11," held in conjunction with a symposium in February and March 2012

**Web** Assisting Reconstruction through Photography—Nikon's Great East Japan Earthquake Reconstruction Support  
<http://www.nikon.com/about/csr/society/support-activities/photography/>

## For the Creation of a Sustainable Energy-Recycling Society

### Supporting the test drive of a magnesium-battery-powered electric vehicle

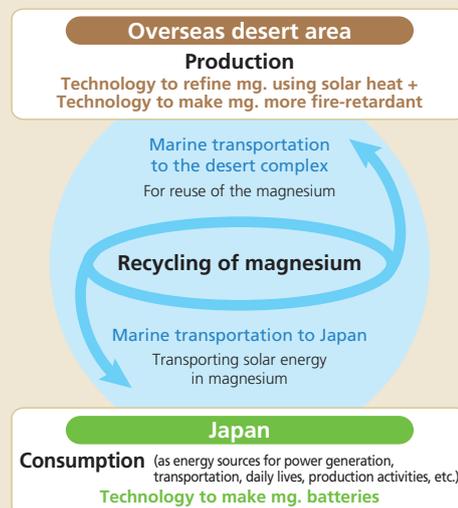
The Nikon Group is committed to developing new businesses that will help create a sustainable society. As part of this effort, we began participating in the Mg-Soleil Project in the year ended March 31, 2013. Led by Professor Yasuaki Kohama of Tohoku University, this project is intended to promote the development of an energy-recycling mindset through the use of magnesium. Because used magnesium can be reused after being refined to its original state by the application of solar heat, the utilization of this substance as an energy source will help reduce greenhouse gas<sup>□</sup> emissions. In his experiments, Professor Kohama has been deploying the large mirrors designed for ship searchlights made by Nikon Corporation (formerly Nippon Kogaku), thereby inspiring the Nikon Group to participate and share our optical and control technologies.

As part of the project, Tohoku University's New Industry Creation Hatchery Center in December 2012 organized a test drive of a three-wheeled electric vehicle equipped with magnesium batteries (next-generation metal-air batteries). The Nikon Group provided support for the event.

The Nikon Group, which has been proactively developing new products and technologies in the environmental and energy sectors since 2008, is focusing on the development of new businesses as one of the priorities listed in its medium-term management plan.

We will continue to develop businesses that can contribute to the creation of a sustainable society.

### ■ Outline of the Mg-Soleil Project



# Fulfillment of CSR throughout the Supply Chain

The Nikon Group formulated the Nikon Procurement Partners' CSR Guidelines in 2007 and has since been fostering CSR-oriented procurement across the supply chain.

With a view to fulfilling our social responsibility through business activities going forward, we held a dialogue meeting with external experts on the theme "Fulfillment of CSR throughout the Supply Chain" and discussed relevant issues, including the present challenges and measures to be strengthened. (Date: March 14, 2013)

**Akabane (Here in after "—")** In order to conduct CSR-oriented procurement activities in a responsible manner, companies need to meet a range of challenges. Today I hope that participants will discuss how to meet the challenges beyond organizational boundaries and get tips on fostering CSR-oriented procurement. First of all, could we get an explanation as to why Nikon decided to implement CSR initiatives across its supply chain?

**Honda** Nikon launched CSR initiatives on a full scale in 2006, when we established the CSR Committee. At that time, the focus of the initiatives was mainly on compliance. But as we deepened our understanding of CSR, we gradually expanded the scope of our CSR activities. For the sustainable growth of the company, we believe it is necessary to respond to requests from a range of stakeholders to incorporate values other than being

"quick" and "cheap" in our procurement activities. By meeting this requirement, we will be able to further increase the public evaluation of the Nikon brand. Based on this recognition, we are now feeling the need for CSR-oriented procurement more strongly.

**Tanimoto** It would be difficult now to find a leading Japanese company that is not operating on a global scale. For Nikon also, overseas sales account for 85% or more of its total sales. Not a few people in other countries might be using products without knowing that they have been manufactured by Japanese companies. In this age, in which everything, including fundraising, manufacturing, distribution, and selling is conducted on a global scale, people are expecting more from companies than before, and companies have no choice but to strive to meet these expectations. This is becoming a new market rule.



<b>Participants from the company (Back row)</b>	Tadashi Fujiwara General Manager Procurement & Facilities Management Department	Tsuneyoshi Kon Vice President Business Administration Center	Takaharu Honda General Manager Corporate Planning Headquarters	Tadao Kai General Manager Environmental & Technical Administration Department
<b>Participants from outside Nikon Corporation (Front row)</b>	Professor Kanji Tanimoto School of Commerce Waseda University	Chiaki Furusawa Conservation Officer Responsible Paper Procurement Forest Programme WWF Japan	(Facilitator) Makiko Akabane Director Japan CSR Asia	Hideki Wakabayashi Secretary General Amnesty International Japan

Note: The participants' titles were current as of March 14, 2013.

**Wakabayashi** For the past 10 years, the establishment of CSR-related systems has been fostered at a rapid rate and there are accordingly higher expectations upon companies to implement CSR measures across the entire supply chain. We have come to recognize that the basic and ultimate mission of the corporation is to contribute to the public good. The ultimate value of individual companies therefore depends on how they meet a range of challenges related to the creation of a sustainable society, rather than how they might simply conduct business based on market principles. In particular in the 21st century, companies that tackle the issue of human rights will have a competitive advantage.

### — What measures is Nikon implementing with respect to human rights?

**Kon** We are tackling the issue of conflict minerals as an urgent problem. Because Nikon is not listed on U.S. securities markets, we have no legal obligations regarding this issue. As a global manufacturer, however, we deemed it essential to deal with the problem and launched a cross-organizational project team in January 2013 to tackle it across the board of the entire company.

**Fujiwara** It is, however, not easy to communicate the significance and details of our CSR-oriented procurement to all, including not only our direct business partners but also other companies belonging to the supply chain, such as secondary and tertiary procurement partners. Like in the “broken telephone” game, we often find it difficult to get accurate information across, but we must try to do so if we want to help all of the companies that make up the supply chain deepen their understanding of our CSR-oriented procurement. We cannot do this simply by asking our procurement partners to cooperate.

**Wakabayashi** In addition to providing necessary training and manuals, you also need to share with your suppliers information about how your products are related to the issue of human rights. To this end, each and every Nikon employee must understand the definition of human rights and think how to give due consideration to these rights in their daily business activities. Human rights are not visible and are therefore not as intelligible as environmental problems, and so it will take time for employees to understand the importance of the issue.



### — What environmental measures is Nikon implementing?

**Kai** In the year ended March 31, 2013, we made efforts regarding the procurement of paper materials. In addressing the issue of biodiversity, we created a working group and evaluated ecosystem services through its activities. As a result, it was revealed that, along with CO<sub>2</sub> emissions and the use of water resources, the use of paper was having a relatively large impact on the environment. In response, we decided to reduce paper usage and at the same time formulated the policy on the procurement of paper. We have been examining the preferential use of paper made in an eco-friendly manner, such as FSC-certified paper.

**Furusawa** If companies manufacture their products in an environmentally conscious manner, consumers can just go ahead and use them with peace of mind. Regarding climate change and biodiversity, there are international treaties but for the use of forest resources, there have been no clear agreements made on an international level and deforestation is continuing to become a more serious problem. Under these circumstances, users of paper are required to give due consideration to their use of the material. Because forest resources are renewable resources derived from trees, which need time to grow, it is really important to choose paper certified by the FSC or other reliable certification bodies instead of just trying to reduce paper use.

**Tanimoto** The head office cannot manage everything and so you need to cooperate with external organizations. Because you procure and also dispose of materials and there are CO<sub>2</sub> emissions from the transportation and disposal of wasted materials, you do indeed need to take measures targeting the entire supply chain.

**Kai** As for the reduction of greenhouse gas emissions, it is really important to implement measures across the supply chain. Digital cameras, which account for a large percentage of Nikon's sales, generate relatively small amounts of greenhouse gas emissions through their use, so we are paying more attention to the transportation of our digital cameras based on the fact that Nikon products are sold and delivered right around the world. We conducted a survey as a part of efforts to increase transportation efficiency and found that Nikon has a large environmental footprint due to CO<sub>2</sub> emissions from the transportation of products between bases. In response, we are now establishing a system to collect necessary data so as to manage CO<sub>2</sub> emissions caused by transportation activities.

### — What points are important for the appropriate management of the supply chain?

**Tanimoto** Between Japan and overseas, you are often confronted with different definitions of terms, including the term “human rights.” You need to make sure all employees understand the CSR policies and rules based on this recognition. It is not enough to make suppliers sign written pledges on CSR, because some overseas companies might sign the document without really understanding the details. It is therefore critical for you to conduct high-quality monitoring activities. Also, you will not be able to gain the understanding of suppliers if you simply set the criteria and ask them to comply. You must proactively open communication



channels with your suppliers both within and outside Japan at an earlier stage, before any problems occur.

**Kon** To enhance the management of the company and be persuasive, we must think positively rather than negatively. There are some issues that are difficult for people living in Japan to understand, such as wars, conflicts, poverty, and explosive population increases, but we need to recognize that we might become entangled in these issues as we expand our playing field on a global scale. We also need to share this recognition with our procurement partners.

**Fujiwara** We are always trying to think from the viewpoints of our procurement partners. When we began conducting CSR<sup>□</sup> surveys on our procurement partners we gave them a simple questionnaire with “yes” or “no” answers. Then we conducted interviews with our partners to learn directly about their specific activities. As a result we have learned that many of our partners “have no specific CSR rules but have a certain system to promote CSR activities.” Based on our findings, this year we made a checklist and have been conducting on-site inspections using the list. Eventually, we will need to conduct CSR audits on our partners, for which we are now in the process of sharing our CSR ideas with them.

**Furusawa** NGOs and experts like us are not included in your supply chain but I hope that Nikon will maintain contact with such organizations and experts. In addition to the issues of conflict minerals and paper materials, the company might face some other issues that need to be tackled in the future. Some NGOs have global networks and are well informed about regional problems. By exchanging information with such organizations, Nikon will be able to collect more useful information to prepare against new problems.

— We’ve heard a lot of different comments.  
Now, would you please give Nikon some advice on how to foster its measures for even faster results.

**Wakabayashi** There are two risks that Nikon must pay attention to: export control and resources. Regarding export control, Nikon deals with a range of high-tech products, some of which could be used to make weapons. The company therefore needs to be very careful about the export of these products. Regarding resources, the Democratic Republic of the Congo has been attracting considerable attention due to conflict minerals, but there are also human-rights-related issues at sites of exploitation in other countries. In procuring resources, Nikon should pay due attention to these issues.

**Furusawa** I would like Nikon to further promote their CSR activities and make them more widely known to the public. Nikon has a strong brand, and CSR activities and efforts could help the company enhance its brand power. Some third-party evaluations made by financial institutions and NGOs are beginning to have a certain level of influential power. Publicizing Nikon’s CSR activities could foster the sharing of problems with society and help the company gain more understanding from procurement partners.

**Tanimoto** The issue of conflict minerals is a critical problem but you cannot gain the understanding of suppliers if you treat it as a special problem. For example, for human rights you must also foster diversity<sup>□</sup> in terms of the percentage of female directors and the hiring rates of local employees and managers in foreign countries. Nikon must lead CSR activities and enhance its management to serve as a model for suppliers as a precondition for the company to foster its CSR-oriented procurement<sup>□</sup>.

**Honda** Your kind examination of Nikon’s challenges regarding its CSR activities and possible solutions has provided us with some really useful information and insights. We will incorporate your valuable opinions into our future CSR activities so that we can improve them and share them more widely with the public. Thank you very much for today.

**Web Stakeholder Dialogue**

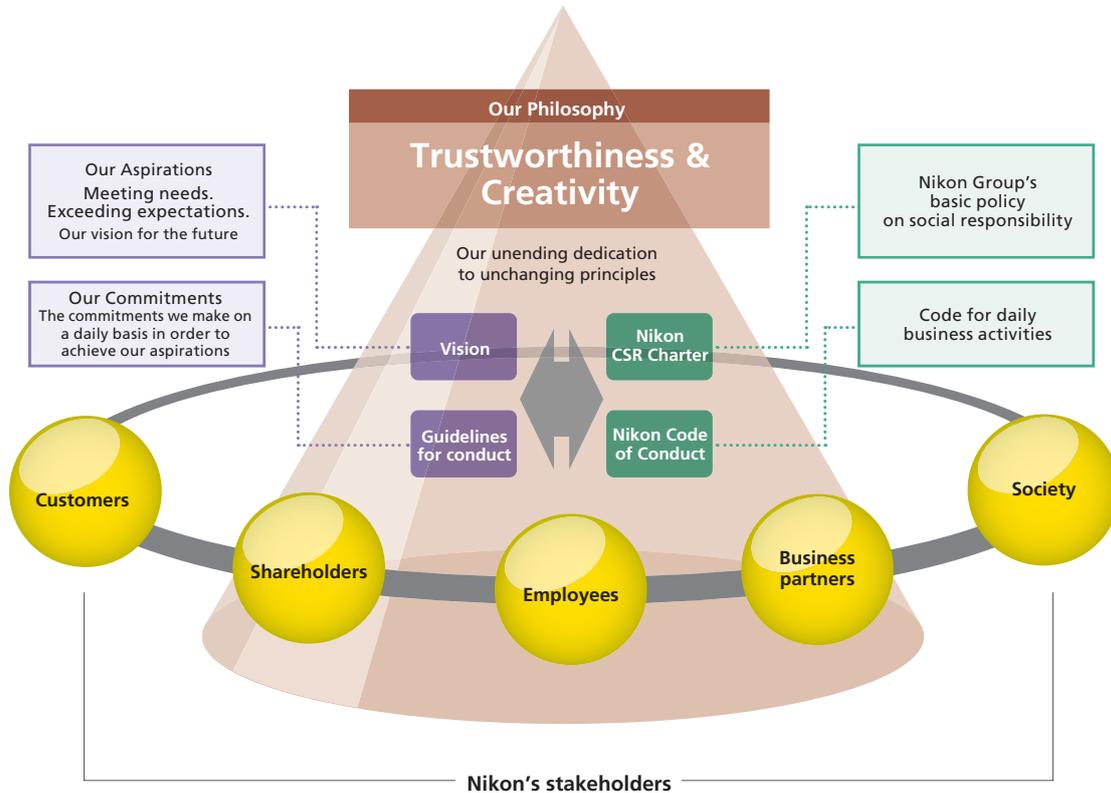
<http://www.nikon.com/about/csr/feature/dialogue/>



## CSR Policy

# Formulating a Set of Policies to Fulfill the Corporate Philosophy of “Trustworthiness and Creativity”

### ■ Nikon High-Level Policy and Stakeholders



## The Nikon Group’s Approach to CSR

For the Nikon Group, fulfilling CSR means embodying our corporate philosophy: “Trustworthiness and Creativity.” We seek to contribute to sustainable development by both proving worthy of the trust we are given by society as well as surpassing expectations to create more and better value.

As a common plan of action for the entire Group we have adopted a set of goals known as “Our Aspirations,” which were formulated through a discussion project involving both top management and employees, along with “Our Commitments,” which are made to realize those aspirations. We are also working to increase CSR awareness among each and every employee through the Nikon CSR Charter, which is Nikon Group’s basic policy on social responsibility, and the Nikon Code of Conduct, which is our code of behavior for daily business activities. Furthermore, we participate in the UN Global Compact and support its Ten Principles regarding human rights, labor, the environment, and anti-corruption.

In the year ended March 31, 2013, Nikon revised its CSR Charter by adding “Socially responsible behavior within the supply chain” as a new item and informed all employees accordingly.

### Ten Principles of the UN Global Compact

#### (Human Rights)

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: make sure that they are not complicit in human rights abuses.

#### (Labour)

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: the elimination of all forms of forced and compulsory labour;
- Principle 5: the effective abolition of child labour; and
- Principle 6: the elimination of discrimination in respect of employment and occupation.

#### (Environment)

- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: undertake initiatives to promote greater environmental responsibility; and
- Principle 9: encourage the development and diffusion of environmentally friendly technologies.

#### (Anti-Corruption)

- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.



## Our Aspirations

### Meeting needs. Exceeding expectations.

- Providing customers with new value that exceeds their expectations
- Sustaining growth through a break with the past and a passionate commitment by one and all
- Maximizing our understanding of light to lead the way towards transformation and a new future
- Maintaining integrity in order to contribute to social prosperity

## Our Commitments

### Be proactive: Alertness, Decisiveness, Strategic planning, Initiative

- Be broad-minded and well-informed in order to act quickly and resolutely

### Communicate well: Dialogue, Understanding, Team solidarity, Sensitivity

- Harmonize diverse skills by thinking out of the box and communicating effectively with others

### Seek new knowledge: Research, Leadership, Innovation, Creativity

- Pioneer new potential through self-study and insatiable curiosity

### Display integrity: Self-discipline, Fairness, Honesty, Respect

- Work with diligence and sincerity as a responsible individual

## Nikon Corporate Social Responsibility (CSR) Charter Established April 27, 2007, revised December 1, 2009 and February 1, 2013

### 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<sup>□</sup> such as customers, shareholders, employees, business partners, and society. The Group will maintain constructive relationships with administrative bodies, remaining politically neutral and complying with laws, and will not engage in relationships with individuals or groups that threaten social order or safety.

### 2. Provision of valuable goods and services for society

The Nikon Group will provide valuable products and services with superior quality and safety to society, endeavoring to increase the satisfaction and trust of our customers and contributing to the healthy development of society.

### 3. Respect for human beings

The Nikon Group will respect diversity and individual human rights and provide a healthy and safe working environment in which all persons receive fair treatment without discrimination. It will also oppose enforced labor and child labor and respect fundamental human rights as well as workers' rights.

### 4. Protection of the natural environment

The Nikon Group will proactively engage in environmental efforts and work to protect the natural environment, as these are common issues for all of mankind.

### 5. Responsibility to society as a corporate citizen

The Nikon Group will carry out corporate activities that take into account the cultures and practices of each country and

region and proactively engage in activities that contribute to society as a good corporate citizen.

### 6. Socially responsible behavior within the supply chain<sup>□</sup>

The Nikon Group will encourage socially responsible behavior within its supply chain.

### 7. 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.

### 8. Responsibility of top management

Top management and employees in managerial positions within each department must understand that they play an essential role in fulfilling the spirit of this Charter and thus, in addition to leading by example, they must ensure that this information is disseminated to everyone in the Group and all related parties. Management must always strive to understand the opinions of those both inside and outside of Nikon to develop a sound internal framework that ensures that the spirit of this Charter is upheld. If any incident occurs that violates this Charter, top management will demonstrate, internally and externally, their determination to solve the problem and strive to identify the cause and prevent its recurrence. Furthermore, they will uphold information disclosure and accountability obligations. They will clarify the authority and responsibility of each manager and employee and deal rigorously and objectively with all people involved in the matter, including top management.

## Nikon Code of Conduct Established May 1, 2001, revised April 4, 2011

### 1. Sound corporate activities

- (1) Compliance
- (2) Integrity
- (3) Fair competition and transactions
- (4) Appropriate purchasing/procurement with suppliers
- (5) Information management
- (6) Protection of intellectual property rights
- (7) Export control
- (8) Insider trading prevention
- (9) Entertainment and gifts
- (10) Relationships with public authorities

### 2. Provision of valuable goods and services for society

- (1) Understanding expectations and demands
- (2) Safety and security

### 3. Respect for human beings

- (1) Respect for human rights
- (2) Comfortable and safe working environment

### 4. Protection of the natural environment

### 5. Responsibility to society as a corporate citizen

### 6. Transparent operating activities

### 7. Responsibility of top management

[Web](#) Nikon Code of Conduct

<http://www.nikon.com/about/csr/compliance/code-and-rules/summary/>

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

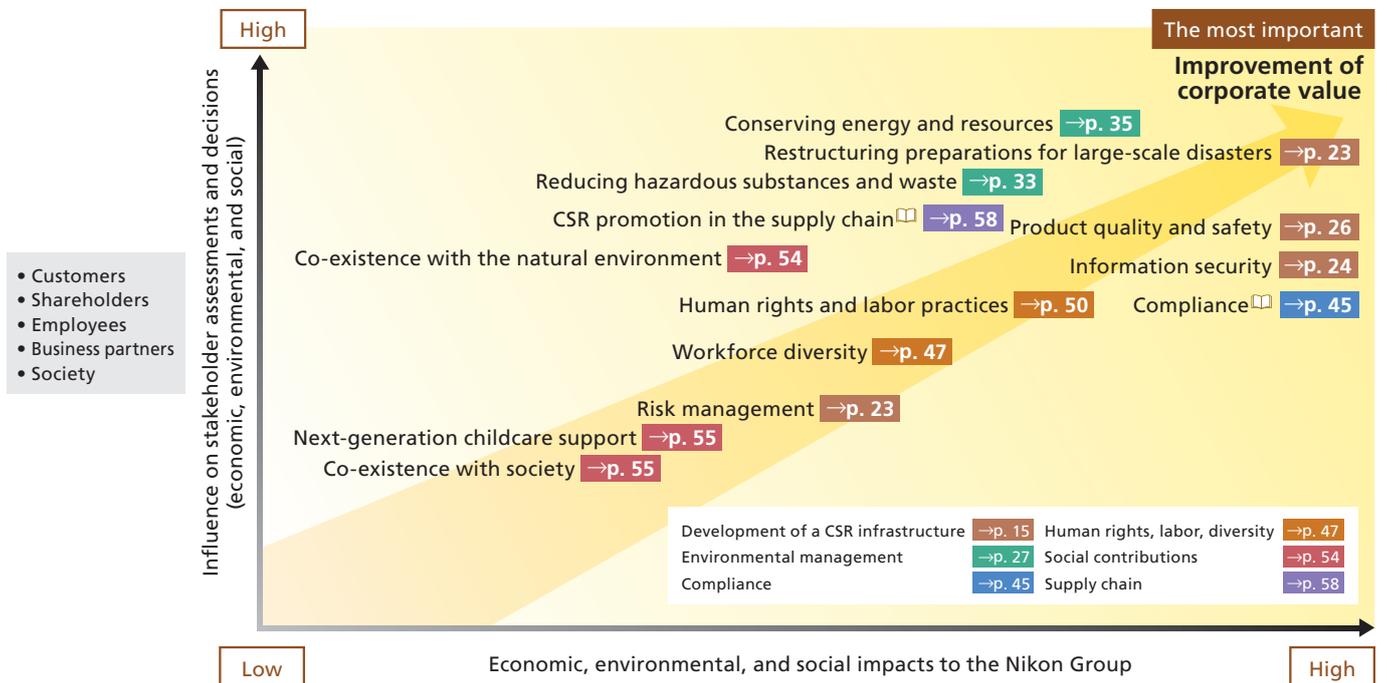
# Working to Identify Priority Issues, Set Medium-Term Plan for Each Issue and Carry out Initiatives According to the Plan

### Identifying Priority Issues for CSR

The Nikon Group identifies priority CSR issues by examining social trends and the expectations of our stakeholders<sup>[1]</sup>, and carries out activities after formulating a medium-term plan with respect to each issue. When identifying the priority issues, the secretariat

of the CSR Committee conducts analyses by referring to sources such as the Principle of Materiality in the GRI Guidelines<sup>[2]</sup>, the seven core subjects of ISO 26000<sup>[3]</sup>, and mandatory items set by external SRI<sup>[4]</sup> rating agencies. These are then agreed upon by the CSR Committee as priority issues for the entire Group. The CSR Materiality Map below shows the issues sorted into categories and plotted such that their degree of influence can be compared.

#### ■ Nikon Group CSR Materiality Map



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

The Nikon Group sets the priority issues for its CSR activities and formulates a three-year plan for each of them. Specifically, we have set five priority items from among general CSR issues. We establish annual targets and evaluate the results for each of the items as part of our steady efforts to foster CSR activities.

#### Priority Issues in the CSR Medium-Term Plan (Three-year plan from April 2013 to March 2016)

We will strive to develop our business globally while constantly maintaining a strong awareness of CSR, including compliance- and environment-related issues. We will enhance trust by encouraging and supporting communication with stakeholders, and responding sincerely to stakeholder expectations.

Expansion and promotion of environmental management

Implementation of compliance activities

Respect for human rights and work environments, and promoting diversity in the workforce

Promotion of social contribution activities

Promotion of CSR activities in the supply chain

## CSR Promoting System

# Fostering the Nikon Group CSR Activities under the CSR Committee

### CSR Promoting System

The Nikon Group, for the efficient and effective promotion of CSR, has established the CSR Committee chaired by the president, which makes decisions regarding CSR activities in general. To liaise with this Committee, two cross-divisional specialist subcommittees, the Business Conduct Committee and the Environmental Committee, have also been established.

#### Enhancement of CSR promotion systems at overseas Group companies

A high percentage of the Nikon Group's sales and employees are based overseas. Accordingly, it is essential for the Group to foster CSR activities not only in Japan but also abroad. To meet

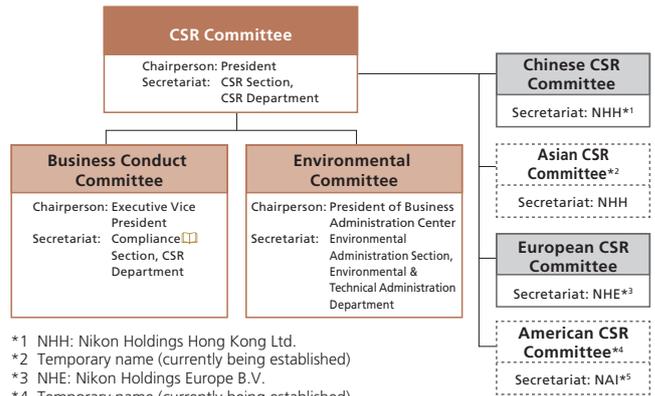


Feedback on the quiz-format awareness survey for European employees introduced at the meeting of the European CSR Committee

this requirement, we have enhanced our overseas CSR promotion systems. Specifically, following the establishment of a CSR supervision and promotion system in the China-Hong Kong region in the fiscal year ended March 31, 2012, we established a similar system in Europe in the year ended March 31, 2013. We first added a CSR supervision and promotion function to Nikon Holdings Europe B.V. (Netherlands) and then appointed CSR coordinators at about 30 bases in the region. Moreover, we conducted a CSR awareness survey targeting about 1,500 employees of Nikon Group companies in Europe and shared the results at the first meeting of the European CSR Committee.

In the fiscal year ending March 31, 2014, we will establish supervisory CSR promotion systems also in the Asia-Pacific region and in the Americas.

#### ■ CSR Promotion Organization



\*1 NHH: Nikon Holdings Hong Kong Ltd.  
 \*2 Temporary name (currently being established)  
 \*3 NHE: Nikon Holdings Europe B.V.  
 \*4 Temporary name (currently being established)  
 \*5 NAI: Nikon Americas Inc.

### FOCUS Major achievements during the year ended March 31, 2013 related to the Ten Principles of the UN Global Compact

	Policies	Jurisdictions	Achievements (activities and/or monitoring)
Common	CSR Charter	CSR Committee	Provided education on the Ten Principles of the UN Global Compact to employees who had not yet attended a relevant course. Conducted a Group survey on CSR. CSR promotion activities began to be conducted by the regional holding company in Europe in addition to the launch of such activities in the China-Hong Kong region. Revised the CSR Charter by adding "Socially responsible behavior within the supply chain" as a new item.
	Procurement Partners' CSR Guidelines	Procurement Communications Conference	Promoted CSR-oriented procurement.
Human rights/Labour	CSR Charter	CSR Committee	Conducted Group surveys for yearly confirmation of the situation regarding human rights and labor within the Group.
	Procurement Partners' CSR Guidelines	Procurement Communications Conference Cross-organizational project	Promoted CSR-oriented procurement and carried out on-site inspections of procurement partners. Fostered measures regarding conflict minerals.
Environment	Basic Environmental Management Policy	Environmental Committee	Implemented measures in accordance with the Environmental Action Plan and based on the environmental management system (ISO 14001).
	Green Procurement Standard		Conducted green procurement audits on procurement partners.
Anti-corruption	Code of Conduct	Business Conduct Committee	Held compliance seminars featuring guest speakers and anti-corruption case discussions for Nikon directors.



## Targets and Results for the Priority Issues

# Evaluating the Activities for Each Priority Issue and Setting the Next Targets Based on the Results and Identified Problems

Priority Issues, Targets and Results for the Year Ended March 31, 2013 (April 1, 2012 to March 31, 2013)

○: Achieved △: Measures started but not yet achieved

Priority issues	Targets	Results	Self evaluation
Development of a CSR infrastructure	Decide on the Guidelines on Social Contribution Activities for Group Companies in the China-Hong Kong Region (including disaster relief donations) at the Chinese CSR Committee, and commence application of them	Decided on the guidelines at the Chinese CSR Committee meeting held in April 2012 and began implementing them with Nikon Holdings Hong Kong Limited serving as the secretariat	○
	Launch a coordinated system for the promotion of CSR in Europe	Conducted an employee awareness survey through the regional holding company and held a meeting of the European CSR Committee in December to enhance the CSR promotion system. Also, made preparations for the launch of compliance education in the year ending March 2014	○
Expansion and promotion of environmental management →pp. 27-44	For environment-related targets and results, please refer to the Nikon Environmental Action Plan Results for year ended March 2013 introduced on p. 30 of the PDF version		
Implementation of compliance activities →pp. 45-46	Steadily conduct promotion activities within the Group to raise awareness for the Nikon Code of Conduct	Provided compliance education at 42 Group companies. Conducted awareness surveys in Japan, the China-Hong Kong region and Europe	○
	Confirm the usage of all reporting/consulting systems set up within the Group, identify any problem areas, and propose remedial measures	Confirmed the usage of all reporting/consulting systems. Interviewed Group companies in China and planned the measures to foster their use in the country	○
Respect for human rights and work environments, and promoting diversity in workforce →pp. 47-53	Implement proactive employment activities (raise the number of female employees as a percentage of all employees*1 to at least 10% by March 2013)	The percentage of females entering the company has risen, but since the number of males employees has also grown due to the encouragement of re-recruiting retirees, the female workforce was no more than 9.7% as of the end of March 2013.	△
	Implement a pilot mentor system to support the advancement of women in the workplace, and identify any issues	Completed the pilot mentor system, in which four mentor/mentee pairs participated in interviews for 6 months	○
	Commence training on corporate culture aimed at fostering motivation and a sense of unity throughout the entire Nikon Group	Provided the training 16 times, in which a total of 481 employees participated. Held the Global Human Resources Management Meeting, inviting employees responsible for human resources from overseas Group companies, where corporate culture training was also provided	○
	Conduct a Nikon Group monitoring survey on 62 Group companies*2; identify any issues relating to human rights and labor practices	Collected replies to the survey from the 62 companies*2 and confirmed that they had no problems regarding human rights and labor practices. Gave feedback to the companies	○
	Re-establish measures to promote diversity in the Nikon Group, and publicize them within the Group	In examining the measures to be reported to the CSR Committee for implementation, conducted a questionnaire survey aimed at the Group in Japan and gave feedback to respondents	○
Co-existence with society and the natural environment →pp. 54-57	Positively promote activities supporting recovery from the Great East Japan Earthquake in a way that employees can participate	A total of 186 employees participated in the volunteer activities held 13 times in total to support recovery from the disaster. In the Photo Book Project for Junior High School Students, a total of 3,200 people from 46 schools and one education board participated, and the completed photo books were given to each of the schools.	○
	Establish common themes for the Nikon Group focused on co-existence with society and the natural environment, and promote social contribution activities	Supported and participated in the disaster recovery activities and the children's forest project in Thailand to foster co-existence with society and the natural environment, but did not establish common themes for the Nikon Group	△
	Enhance the communication of information on social contribution activities	Revised the Japanese and English website as appropriate and had the activities reported on TV and in newspapers. Also dispatched relevant information once a month through the intranet and in-house newsletters	○
	Establish guidelines for responding in the event of a disaster, and enable each Group company to provide rapid support	Formulated and began to use the disaster response guidelines in the China-Hong Kong region, but did not formulate the guidelines for areas other than the region and Japan	△
Promotion of CSR activities in the supply chain →pp. 58-60	To promote CSR-oriented procurement activities in supply chains, select procurement partners and conduct on-site inspections	Conducted on-site inspections on 43 procurement partners in Japan to check their CSR measures and encourage them to foster CSR activities	○
	Verify the results of the conflict minerals survey with individual procurement partners and promote awareness; also conduct ongoing surveys	Revised the relevant policies and published the revised CSR guidelines. Launched a project on the issue of conflict minerals in January 2013 to accelerate the related measures	○
	Conduct environmental management system audits on 150 procurement partners in Japan and overseas	Conducted environmental management system audits on 155 procurement partners (105 in Japan, 39 outside Japan and 11 in-house departments)	○

\*1 Permanent and non-regular employees

\*2 Including some non-consolidated Group companies

## Priority Issues and Targets for the Year Ending March 31, 2014 (April 1, 2013 to March 31, 2014)

Priority issues	Targets
Development of a CSR infrastructure	Provide employee education in a localized manner through regional holding companies overseas
	Formulate and implement the action plans on CSR promotion systems in the Americas through regional holding companies
Expansion and promotion of environmental management →pp. 27-44	For environment-related targets, please refer to the Nikon Environmental Action Plan for year ending March 2014 introduced on p. 30 of the PDF version
Implementation of compliance <sup>□</sup> activities →pp. 45-46	Conduct a survey in the Nikon Group and set the Group policies to prevent the offering of bribes to public officials
	In overseas group companies, conduct compliance awareness surveys, and provide feedback about the results to all surveyed companies through regional holding companies
Respect for human rights and work environments, and promoting diversity in workforce →pp. 47-53	Raise the number of female employees*1 as a percentage of all employees to at least 10% (as of March 31, 2014)
	Start the full-scale operation of the mentor system
	Make all employees, both those within and outside Japan, aware of the "Nikon Group HR Vision"
	Continue conducting the Nikon Group monitoring survey to identify any issues relating to human rights and labor practices
Promotion of social contribution activities →pp. 54-57	Encourage employees to conduct volunteer activities in the disaster-affected areas and make related presentations every month in order to ensure the disaster is not forgotten
	Increase the number of participants in the Photo Book Project for Junior High School Students in Fukushima Prefecture and ensure the completion of the books at all the schools
	Collect information about the social contribution activities conducted by Group companies across the world and raise the awareness of our employees by disclosing this information to stakeholders <sup>□</sup>
Promotion of CSR activities in the supply chain <sup>□</sup> →pp. 58-60	Continue the on-site inspections (possibly at 40 companies), discuss with overseas Group companies CSR-oriented procurement <sup>□</sup> from their procurement partners, and formulate and implement the necessary measures
	Explain the policies on the issue of conflict minerals to procurement partners, and survey the situation concerning the use of these minerals and disclose the obtained information within 2014
	Conduct environmental management system audits on procurement partners and chemicals management system audits within the Group, targeting a total of 150 sites

\*1 Permanent and non-regular employees



## Corporate Governance<sup>□</sup>

# Establishing a Highly Transparent Governance System to Win Trust from Stakeholders<sup>□</sup>

## Corporate Governance Organization

### Management system

The Nikon Group carries out business through an integrated in-house company system that includes Group companies. We have also established a management system that responds swiftly to changes in the business environment through our operating officer system. Furthermore, under a results-based evaluation system, we evaluate and confirm performance, thereby strengthening the relationship between performance and remuneration.

### Board of Directors and Executive Committee

The Board of Directors makes prompt decisions on matters of importance to the Nikon Group and monitors the exercise of duties by directors. Two independent outside directors also sit on the board to strengthen supervisory functions.

The Executive Committee deliberates on and resolves major issues regarding the general operation of company business, internal controls<sup>□</sup>, 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 established to enhance the objectivity and transparency of matters related to director compensation and to ensure that decisions on remuneration are linked to corporate financial results. The obligations of this committee include examining and proposing guidelines for the compensation of directors 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 as well as to perform monitoring and auditing of corporate management and directors. Three independent outside corporate auditors are also invited to these meetings.

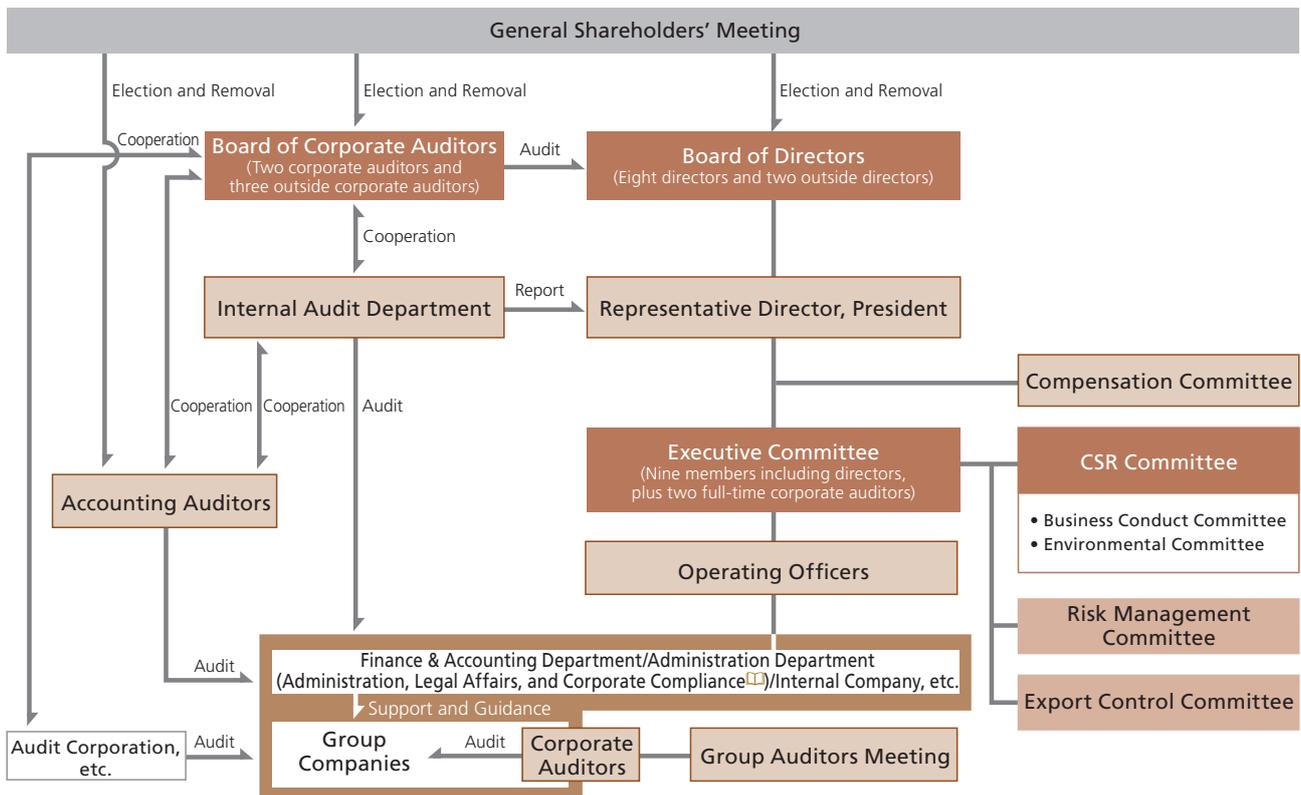
### Web Corporate Governance

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

### Diversity of Directors, Corporate Auditors, and Officers of Nikon Corporation

Females: 0, Non-Japanese: 0

### ■ Nikon's Corporate Governance Organization (as of June 30, 2013)



## Internal Control<sup>□</sup> 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 Companies Act and its Ordinance for Enforcement (enacted 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 Rules Governing the Authority of the Organization and Personnel, which clearly define the structure of responsibility and authority for each post as well as each organization. Furthermore, thorough control and guidance of Group companies both in Japan and overseas in conformance 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 established as an independent organization that reports directly to the president. Based on audit plans for each fiscal year that have been approved by the president, this department audits the Nikon Group's systems and their operation status, 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 Act (J-SOX), and evaluates company-level controls and process-level controls of the Nikon Group. Furthermore, from the viewpoint of the Companies Act, the department also evaluates the effectiveness of corporate ethics structures and risk management structures as an internal audit function for internal control systems.

In addition, internal audit sections have been established at each of the regional holding companies in Europe (Netherlands), the Americas (United States), and the Asia and Oceania region (Hong Kong). These sections perform internal audits and J-SOX evaluations of their local companies from an independent standpoint, supervised by the internal audit department of Nikon Corporation. Under this global internal control system, which covers four world regions including Japan, we will work to perform even more effective internal audits on a global scale. All internal audit reports on the Nikon Group are submitted to the president. The results of these audits are also submitted to corporate auditors, who are also briefed on audit results on a regular basis for the purpose of promoting close cooperation and information sharing.

### Implementation of an Internal Control Reporting System

An Internal Control Reporting System based on the Financial Instruments and Exchange Act, 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. Based on the same system, the effectiveness of process-level internal controls (including sales, purchasing, manufacturing, accounting, and IT) is also evaluated for Nikon Corporation and major Group companies both in Japan and overseas, as required by the law. We annually review our business operations based on the evaluation results.

In the fiscal year ended March 31, 2012, we worked on the "simplification of the evaluation process" and in the year ended March 31, 2013, we endeavored to enhance the efficiency of evaluations in response to the revision of the related regulations, such as by adopting biennial or other rotational evaluations for some business processes and carrying over the evaluation results from the previous fiscal year. In the fiscal year ending March 31, 2014, we will continue to make this simplification effort. We will also strive to establish a more efficient evaluation system to further reduce the burden of conducting evaluations while maintaining the effectiveness of our financial reporting and major process-level internal controls.

Toward the establishment of a sustainable internal control system, the Nikon Group is also working to build up a system to develop evaluators who meet the predefined standards.



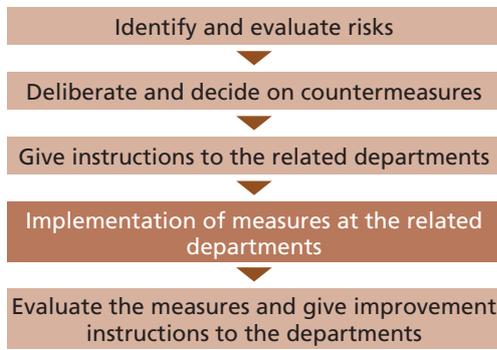
## Implementation of a Risk Management PDCA Cycle

# Building an Appropriate Management System to Deal with All Potential Worldwide Risks

## Risk Management System

The Nikon Group's Risk Management Committee formulates appropriate responses to risks that could impact the Group's management. In April 2012, this committee, which is chaired by the executive vice president, was given the additional role of identifying and evaluating risks.

### ■ Risk Management Flow of the Risk Management Committee



### CSR-related risk management

As for the Group's CSR-related risks, the CSR Committee deliberates the issues and gives necessary instructions based on the deliberation results.

## Risk Map Analysis

In the year ended March 31, 2013, the Nikon Group conducted a survey targeting general managers of Nikon Corporation and presidents of domestic and overseas Group companies in order to get a big picture view of risks potentially affecting the Group. We then analyzed and evaluated the replies to create a "risk map" that shows the probability and influence level of each risk.

We sorted and prioritized the risks based on established risk criteria. We also compared our map with the general risk map of the manufacturing industry to check for any risks that may have been overlooked inside the Group. We will regularly update the risk map and visualize the progress of countermeasures as well as subsequent changes in the monitored risks.

## Implementation of BCM Activities

The Nikon Group formulates BCPs in preparation for large-scale disasters and other emergencies. After achieving the recovery of our business operations following the Great East Japan Earthquake, we reevaluated the risks posed to our bases in Japan and have reviewed our BCP, focusing on scenarios positing the maximum damage that might be caused within the Tokyo metropolitan area and our initial responses to be made in the event of disasters.

Also, in the year ended March 31, 2013, we continued our BCM activities on the theme of "preparations against earthquakes that directly hit the Tokyo area." Based on the results of risk assessments made at our bases, we have been fostering seismic diagnosis and reinforcement work on our buildings as necessary. As for Nikon Group bases in Japan that might suffer significant tsunami damage in the event of a maximum earthquake damage scenario, we conducted simulations to examine how to shorten evacuation times in reference to the current evacuation plans and recommended appropriate evacuation routes and actions. The bases will review their evacuation plans and conduct drills based on the recommendations.

### Activities by each company in the Nikon Group

Nikon Corporation has distributed "survival kits" (comprised of a helmet, work gloves, a blanket, and a portable toilet) to employees. Other Group companies are also fostering their risk management activities in line with Group policies. For example, Nikon Inc. (United States) created a system for ensuring the continuation of its business operations in the event of a disaster by establishing a second headquarters in an area far from the head office. When the head office was temporarily closed due to damage caused by a hurricane in November 2012, the company's senior directors and managers gave instructions via the second headquarters in order to maintain business continuity.

### Risk of fire

Targeting our facilities in Japan (including Group companies), we conducted a survey from August to October 2012 to reduce the risk of fire at 17 locations. We summarized the results in a report and distributed copies to the surveyed facilities. We also held a meeting to report the survey results in January 2013.



Meeting held to report the results

## Risk Management<sup>□</sup> for Information Assets

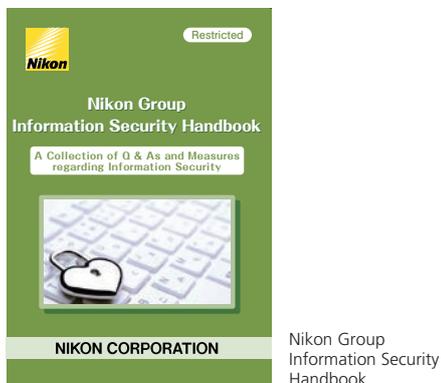
In October 2012, we newly established our Information Security Headquarters, which reports directly to the president. Through this new system, we will further improve the level of our information security systems in consideration of local conditions in each country and region in which we operate.

### Protection of personal information

We handle personal information in line with the Nikon Group Privacy Protection Policy. Moreover Nikon Imaging Japan Inc., which receives a lot of personal information from customers, has obtained certification under the PrivacyMark<sup>□</sup> System in Japan. Also, in the United States, Nikon Inc. has obtained certification for the Payment Card Industry Data Security Standards (PCIDSS).

### Information security education and auditing

We have distributed the Nikon Group Information Security Handbook to employees to ensure compliance with the information security rules based on a full understanding of the importance of information management. In the year ended March 31, 2013, we added items on smartphones and social media to the handbook. In addition, we carry out information management audits on each of our departments and Group companies and provide employees with e-learning training on our information management and security systems. We are thus continuing activities to ensure compliance with the rules.



Nikon Group  
Information Security  
Handbook

## Responses to Country-Specific Risks

As the Nikon Group expands its business on a global scale, the number of employees who are working outside Japan, and group company employees in each country that transferred abroad, or making overseas business trips is increasing. Accordingly, we are localizing our risk management systems so that we can appropriately manage the risks specific to each country and region.

### Risk management for employees dispatched to foreign countries

In 2008, the Nikon Group formulated risk management rules for employees dispatched to foreign countries to ensure their safety.

We collect information from experts on overseas risks, the Japanese Ministry of Foreign Affairs, and our local Group companies in each country. For countries with high potential

risks, including emerging economies and nations within politically unstable regions, we actually visit the areas to collect the latest information, which is then provided to relevant employees. We also set and update security levels for each country in light of local situations, based on which we regulate employee business trips and give evacuation orders. Moreover, we prepare individual risk management programs for countries that have extremely high risks due to internal conflicts, etc., under which we set emergency steps to be followed by our employees, including local employees. We are also establishing a System for Checking the Safety of People on Overseas Business Travel. As part of this effort, in the year ended March 31, 2013, we finished setting up a system to centrally manage information about employees on business trips for Nikon Corporation and Group companies in Japan. We will establish a similar system for Group companies outside the country as well.

## Management of Security Risks in International Trade

The Nikon Group controls the export of its products (goods) and the provision of its technologies (technical information) in accordance with relevant laws and regulations in each country so as to maintain international peace and security.

In the year ended March 31, 2013, we enhanced our internal export control rules to prevent any of our overseas Group companies from inadvertently re-exporting any goods subject to regulation to suspicious organizations or groups. Moreover, to maintain and improve export control, we held 13 seminars for employees of the Nikon Group in Japan (with the participation of 262 people in total). Also, to enhance control over the provision of technologies, we provided 61 employees who are more likely to deal with technical information with practical training for a total of three times.

## Dialogue with Stakeholders<sup>LD</sup>

# Fostering Communication with Stakeholders

## Communication with Stakeholders

The Nikon Group is fostering two-way communication with its stakeholders through various means and opportunities.

### Major Means of Fostering Communication with Stakeholders

Stakeholders	Communication methods
Customers	<ul style="list-style-type: none"> <li>● Call center and service counter (For details on the cycle to incorporate customer opinions at the Imaging Company, see p. 5)</li> <li>● Responses to customers by the departments in charge of sales and services</li> <li>● Sharing information via the website and other methods</li> <li>● Exhibitions, events, etc.</li> </ul>
Shareholders	<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 materials including fact books, annual reports, and interim/yearly reports</li> <li>● Sharing information via the website and other methods</li> <li>● Financial results briefings</li> <li>● Socially responsible investment, etc.</li> </ul>
Employees	<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>● Reporting/consulting system</li> <li>● Monitoring Group companies and conducting employee awareness surveys on human rights and labor practices</li> <li>● Questionnaire surveys on the CSR Report, etc.</li> </ul>
Business partners	<ul style="list-style-type: none"> <li>● Dialogue through everyday business activities</li> <li>● Inspections of procurement partners' sites and feedback on the results</li> <li>● Briefings and questionnaire surveys for procurement partners</li> <li>● Confirming the establishment of environmental management systems (surveys/audits), etc.</li> </ul>
Society	<ul style="list-style-type: none"> <li>● Participation in local events</li> <li>● Cooperation with NGOs and NPOs in social contribution and other activities</li> <li>● Participation in economic and industry organizations</li> <li>● Consultations with governmental agencies, etc.</li> </ul>

### Major Awards Won in the Year Ended March 31, 2013

June 2012	Nikon Imaging (China) Co., Ltd. received an "ecological civilization" award in the 2011 Golden Bee CSR ratings determined by the Chinese Ministry of Commerce.
July 2012	Won first place in the digital camera category in the after-sales service satisfaction ranking announced by Nikkei Business for the third year in a row
November 2012	Won a Best IR Award at the 17th (fiscal 2012) Annual IR Grand Prix Awards held by the Japan Investor Relations Association to commend companies that have achieved outstanding results in investor relations
November 2012	Nikon Imaging Korea Co., Ltd. received a thank-you plaque from the Mayor of Seoul in recognition of its contribution to the photo education program organized by the city to empower homeless people.
February 2013	Selected as one of the companies to be included in the Nadeshiko Brand by the Japanese Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange (see p. 47)
March 2013	Selected as one of the companies that made great progress in socially responsible management in fiscal 2012 in the survey on Japanese companies' initiatives for the environment, society, and governance (ESG) conducted by the Japan Research Institute, Ltd.

### FOCUS

#### Nikon Imaging Korea Co., Ltd. receives an award from the chairman of the Korea Fair Trade Commission

In November 2012, Nikon Imaging Korea Co., Ltd. became the first company in the camera industry to win an award from the chairman of the Fair Trade Commission of South Korea. The company received this award in recognition of its efforts to improve its service quality by installing customer response systems at its service/call centers and foster communication with customers through its website and Facebook. Before winning this award, the company had also received official certifications for its customer-centered management and its excellent service quality. It will further increase customer satisfaction by such measures as holding photo classes and seminars for customers.



The chairman of Korea Fair Trade Commission Award commemorative pennant and certificate of merit

## Quality Control for Nikon Products

# Providing Products and Services, Giving First Priority to Customers and Quality

## Quality Control for Products and Services

The Nikon Group has stipulated the following Basic Quality Policy.

### Policies and systems for quality control

#### Basic Quality Policy

Based on its corporate philosophy of "Trustworthiness and Creativity," Nikon has established the following Basic Quality Policy. It aims to provide products that exceed the expectations of customers and contribute to the healthy development of society.

- (1) Through creative and efficient manufacturing, enhance brand value and provide high-quality distinctive products to the market in a timely manner.
- (2) Provide safe and environmentally friendly products to earn the trust of customers and society.

In order to implement the Basic Quality Policy, the Nikon Group has set its Quality Control Directive (QCD) as its basic rules on quality control. In the year ended March 31, 2013, we completely revised the QCD to clarify its relationship with ISO 9001<sup>□</sup>. Moreover, we added environmental items to make it more consistent with other standards. We will share the revised rules across the Group to promote the provision of even better products and services.

### Quality Control Committee

The Quality Control Committee deliberates and makes decisions on important issues in relation to the implementation of the basic policy on quality. Also, the committee strives to improve the quality control systems and conducts prompt reviews of them 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 business segments of Nikon Corporation and major Group companies have acquired ISO 9001 certification. We also conclude



Lecture held with the participation of business partners (given by Dr. Kazuhiko Noguchi, Doctor of Engineering, Research Fellow at Mitsubishi Research Institute)

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 "Quality Month" in Japan, we invite external experts to give lectures so that employees of both the Nikon Group and their partner companies can improve their quality-related skills. In the year ended March 31, 2013, we invited Mr. Kazuhiko Noguchi from Mitsubishi Research Institute to Nikon Corporation's Ohi Plant to speak. His lecture, on the application of advanced risk management<sup>□</sup> for quality improvement, was attended by 71 directors and employees of the Nikon Group as well as 106 employees of the Group's business partners.

### Quality control audits

In the Nikon Group, quality control audits based on the QCD are conducted by a top executive. Specifically, the executive inspects, checks, and evaluates the quality control activities conducted at Nikon Corporation and 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 rectify any shortcomings found in the audits, a process that leads to more appropriate quality control activities at the companies. Important findings are reported to the Executive Committee and are also used to improve internal controls<sup>□</sup>. In the year ended March 31, 2013, quality control audits were performed at four departments of Nikon Corporation and at six major Group companies.

### Product safety assurance

The Nikon Group gives due consideration to the safety of its products throughout their life cycle, starting 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 facility has passed stringent certification criteria based on the international standards set by TÜV SÜD Product Service GmbH, Germany, a certification body that tests laboratories in Europe.

In the fiscal year ended March 31, 2013, we published 28 test reports collating the results of the various tests that were conducted.

### Problems related to product quality or safety occurring during or after the year ended March 31, 2013 (one incident)

- The rechargeable battery EN-EL15

Possible overheat that may cause the outside casing to become deformed.

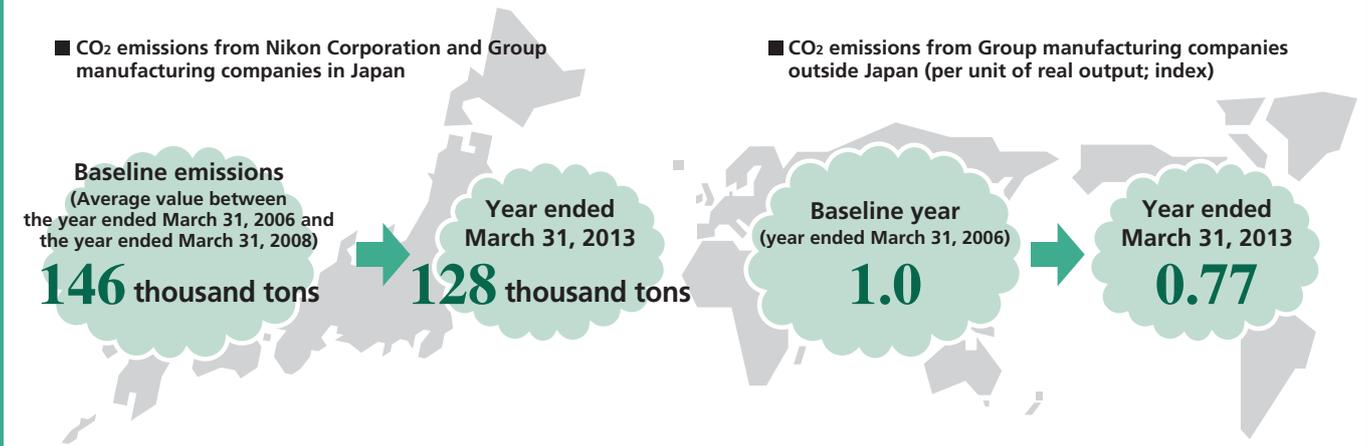
\* For further information, please refer to a website of your nearest Nikon Service Center.

# Expansion and Promotion of Environmental Management



Targets	<ul style="list-style-type: none"> <li>● Reduction in GHG<sup>□</sup> emissions—Total CO<sub>2</sub> emissions from Nikon Corporation and Group manufacturing companies in Japan: 136 thousand tons or less</li> <li>● Waste reduction—Waste from Nikon Corporation and Group manufacturing companies in Japan: Maintain levels from the year ended March 31, 2011 (4,867 tons or less)</li> <li>● Maintain 100% compliance for products subject to the RoHS Directive<sup>□</sup></li> </ul>
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## PICK UP



## Environmental Management

# Continuing Environmental Conservation Activities in an Effective Manner toward the Creation of a Recycling-Oriented Society

### Nikon Basic Environmental Management Policy

With the aim of using resources efficiently and preventing environmental pollution, the Nikon Group has created the Nikon Basic Environmental Management Policy to help ensure that a sustainable and healthy planet can be passed on to future generations. Following are the action guidelines that form the framework for this policy. The entire Policy can be viewed on the website.

[Web](http://www.nikon.com/about/csr/environment/promote/policy/) Nikon Basic Environmental Management Policy  
<http://www.nikon.com/about/csr/environment/promote/policy/>

### Environmental Management System

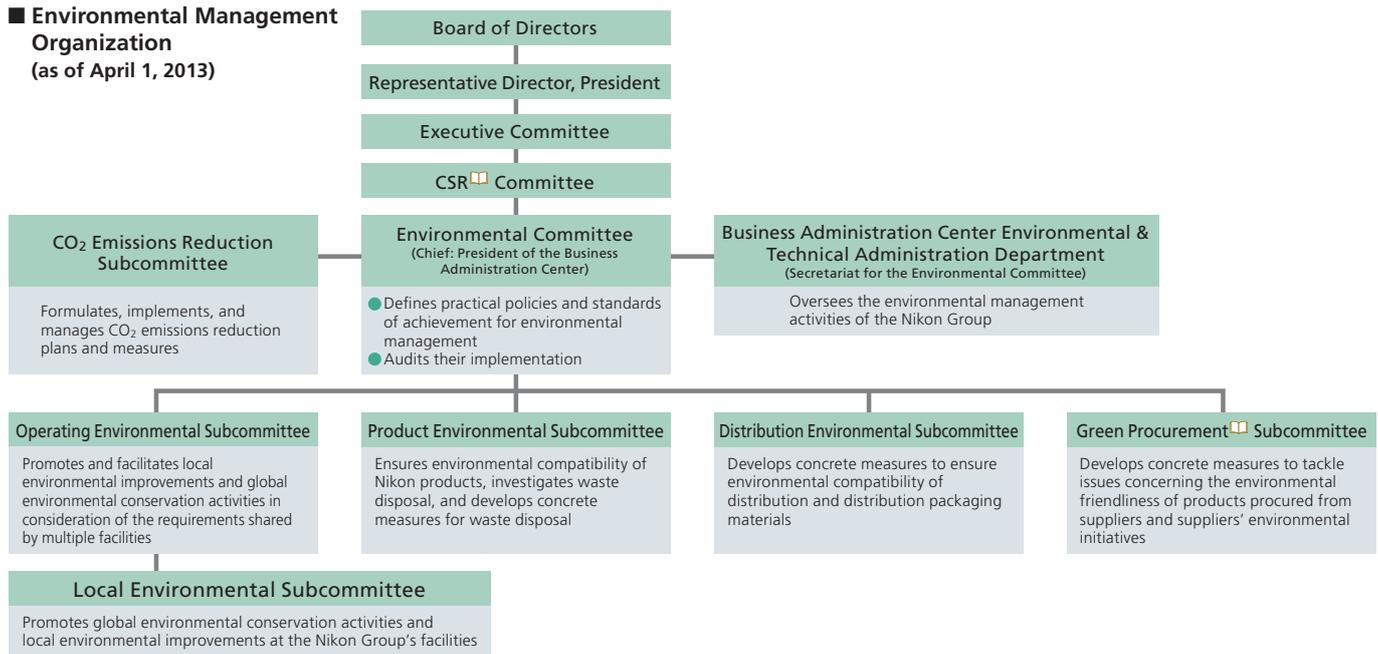
#### Environmental management organization

The Nikon Group has 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 relevant regulations, treaties, and standards both within and outside Japan as well as changing social trends so that we can respond to them proactively.

#### 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 environmentally-conscious recycling society.
- (2) We will perform environmental and safety reviews, including those to conserve biodiversity<sup>□</sup>, 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.

**Environmental Management Organization**  
(as of April 1, 2013)



**Utilization of ISO 14001 certification**

The Nikon Group conducts environmental management activities based on ISO 14001. We are currently working to obtain integrated ISO 14001 certification for more Group companies in and outside Japan with the goal of boosting the efficiency of our business operations and disseminating our Environmental Action Plan through the entire Group, which is our medium-term goal for environmental activities. By these activities we are reducing our GHG emissions, generation of waste, and use of hazardous substances. In the year ended March 31, 2013, we created the necessary manuals and rules to introduce an ISO 14001-compliant management system to Nikon Metrology UK Ltd.

We are also promoting the introduction of the Nikon Simplified

Environmental Management System (simplified EMS), which consists of the key elements from ISO 14001, to our facilities in Japan and overseas that have low environmental impacts.

**Performing internal audits**

We regularly conduct internal audits at least once a year to verify the compatibility of auditees' environmental management systems with ISO 14001 and confirm that they are adhering strictly to their environmental manuals as well as reviewing how they have set and implemented their environmental targets. In the event that problems are identified by the audit process, the departments involved take corrective measures.

**The Nikon Group's Environmental Management Systems**

The Nikon Group applies different types of environmental management systems to its facilities according to the size of their environmental impact.

Classification	A	B	C
Description	Relatively large facilities directly related to the manufacture of products/components	Small facilities directly related to the manufacture of products/components Facilities located within the premises of "A", where environmental considerations are required regarding the design, delivery, installation, and maintenance of products	Facilities that are not directly related to manufacturing but have a lot of workers
Environmental management system	ISO 14001	ISO 14001	Nikon Simplified Environmental Management System
Group companies and facilities	Nikon Corporation (head office and plants) Group manufacturing companies in Japan <ul style="list-style-type: none"> <li>• Tochigi Nikon Corporation</li> <li>• Tochigi Nikon Precision Co., Ltd.</li> <li>• Sendai Nikon Corporation</li> <li>• Miyagi Nikon Precision Co., Ltd.</li> <li>• Kurobane Nikon Co., Ltd.</li> <li>• Hikari Glass Co., Ltd.</li> <li>• TNI Industry Co., Ltd.</li> </ul> Group manufacturing companies outside Japan <ul style="list-style-type: none"> <li>• Nikon Imaging (China) Co., Ltd.</li> <li>• Nikon (Thailand) Co., Ltd.</li> </ul>	Nikon Business Service Co., Ltd. Nikon Staff Service Corporation Nikon Instech Co., Ltd. Nikon TEC Corporation Nikon Vision Co., Ltd. Nikon Systems Inc. Nikon Engineering Co., Ltd. Nikon U.K. Ltd.  Nikon Metrology UK Ltd. (To be classified as "B" after obtaining the ISO certification in the year ending March 31, 2014)	Nikon Imaging Japan Inc.

\* The environmental performance data disclosed on pages 27-44 is composed of data for companies classified as "A," whose employees as a whole account for 70% or more of the total number of employees of consolidated Nikon Group companies.

\* The Group manufacturing companies in and outside Japan are defined as the above.

\* The following two non-consolidated Group companies are outside of the reporting period and boundary of the report described on page 2, but are included between pages 27 and 44 as they are conducting activities based on the Nikon Group's environmental management system.

- Hikari Glass (Changzhou) Optics Co., Ltd.
- Nanjing Nikon Jiangnan Optical Instrument Co., Ltd.



**Business activities and the environment**

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

In addition to making steady efforts to reduce waste and other environmental impacts, the Nikon Group has also been actively engaged in its own unique activities, a notable example of which is the development of lead- and arsenic-free glass, which has an amazingly small environmental footprint. We will further expand the data boundary as one of our medium- to long-term environmental activity targets, while collecting data in a more consistent manner so that the Group can conduct environmental activities based on shared targets.

**Relationship with the Environment in the Nikon Group's Business Operations (for the year ended March 31, 2013)**



**Nikon Group's Principal Environmental Impacts (for the year ended March 31, 2013)**

INPUT		Nikon Corporation	Group manufacturing companies in Japan	Units
Energy	Electricity	166,276	91,609	MWh
	City gas	5,966	1,222	Thousand Nm <sup>3</sup>
	Liquefied petroleum gas (LPG)	471	2,212	t
	Heavy oil	0	755	kL
	Kerosene, light oil, etc.	6	114	kL
	Water	2,013	919	Thousand m <sup>3</sup>
PRTR substances	2-aminoethanol	0	0	t
	Ferric chloride	0	4,960	t
	Hexavalent chromium compounds	0	1,482	t
	Chromium and trivalent chromium compounds	0	1,282	t
	Dichloropentafluoropropane	0	1,475	t
	Toluene	0	2,584	t
	Lead compounds	6,482	0	t
	1-bromopropane	28,160	51,685	t
	Boron compounds	1,904	11,841	t

OUTPUT		Nikon Corporation	Group manufacturing companies in Japan	Units
CO <sub>2</sub> emissions	Electricity	77,094	45,554	t-CO <sub>2</sub>
	City gas	13,387	2,741	t-CO <sub>2</sub>
	Liquefied petroleum gas (LPG)	1,413	6,635	t-CO <sub>2</sub>
	Heavy oil	0	2,047	t-CO <sub>2</sub>
	Kerosene, light oil, etc.	16	284	t-CO <sub>2</sub>
PRTR substances emissions to the air	2-aminoethanol	0	0	t
	Ferric chloride	0	0	t
	Hexavalent chromium compounds	0	0	t
	Chromium and trivalent chromium compounds	0	0	t
	Dichloropentafluoropropane	0	1,382	t
	Toluene	0	1,881	t
	Lead compounds	0.005	0	t
	1-bromopropane	26.917	39,503	t
Wastes including valuable resources	Boron compounds	0.003	0.017	t
	Amount discharged	3,071	2,732	t
	Amount recycled	3,051	2,575	t
Amount of landfill	8	68	t	

## Environmental Action Plan

The Nikon Group evaluates its performance against its annual environmental targets. Based on the results, we identify any problems and make necessary improvements.

The Environmental Committee (see p. 28: Environmental Management Organization) deliberates and approves the self-evaluation results.

### ■ Nikon Environmental Action Plan (Results for the year ended March 31, 2013)

Self-evaluation ○: Achieved △: Measures started but not yet achieved

	Theme	Targets	Results	Self-evaluation	See page(s)
Product-related activities	Energy conservation (prevention of global warming)	<ul style="list-style-type: none"> <li>● Improve overall energy efficiency<sup>□</sup></li> <li>● Improve overall energy efficiency of new representative products released during the year ending March 31, 2013</li> </ul>	<ul style="list-style-type: none"> <li>● Improved by 30.7% (simple average for all models of newly released products)</li> </ul>	○	p. 33, p. 35
	Reduction in the use of hazardous chemical substances	<ul style="list-style-type: none"> <li>● Maintain 100% compliance for products subject to the RoHS Directive<sup>□</sup></li> </ul>	<ul style="list-style-type: none"> <li>● Maintained 100% compliance for products subject to the RoHS Directive, and maintained and enhanced the management system</li> </ul>	○	pp. 33–34
	Distribution	<ul style="list-style-type: none"> <li>● Reduction in CO<sub>2</sub> emissions from physical distribution</li> <li>● Improve loading efficiency and promote modal shifts</li> </ul>	<ul style="list-style-type: none"> <li>● Improved loading efficiency through bulk transport<sup>□</sup> to international destinations and fostered direct shipment as well as modal shift</li> <li>● Calculated CO<sub>2</sub> emissions from international distribution</li> </ul>	○	pp. 36–37
Activities at facilities	Reduction in GHG <sup>□</sup> emissions (CO <sub>2</sub> emissions from energy use)	<ul style="list-style-type: none"> <li>● Total CO<sub>2</sub> emissions from Nikon Corporation and Group manufacturing companies in Japan: 136 thousand tons or less</li> <li>● CO<sub>2</sub> emissions per unit of real output from Group manufacturing companies outside Japan: Reduce by 25% (compared with the year ended March 31, 2006)</li> </ul>	<ul style="list-style-type: none"> <li>● Total CO<sub>2</sub> emissions from Nikon Corporation and Group manufacturing companies in Japan: 128 thousand tons</li> <li>● CO<sub>2</sub> emissions per unit of real output from Group manufacturing companies outside Japan: Reduced by 23% (compared with the year ended March 31, 2006)</li> </ul>	○ △	pp. 38–40
	Waste reduction	<ul style="list-style-type: none"> <li>● Waste from Nikon Corporation and Group manufacturing companies in Japan: Maintain levels from the year ended March 31, 2011 (4,867 tons or less)</li> <li>● Zero emissions<sup>□</sup>: Maintain level 1 for facilities that have achieved level 1 Hikari Glass (Changzhou) Optics Co., Ltd. and NNJC*: Build a level 4 system</li> </ul>	<ul style="list-style-type: none"> <li>● Maintained levels from the year ended March 31, 2011 (4,867 tons or less)</li> <li>● Zero emissions: Maintained level 1 for facilities that had achieved level 1 Hikari Glass (Changzhou) Optics Co., Ltd. and NNJC: Achieved level 4 zero emissions</li> </ul>	○	pp. 42–43
Others	Environmental management system (EMS)	(Integrated ISO 14001 certification) <ul style="list-style-type: none"> <li>● Prepare for introduction at Nikon Metrology UK Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>● Built up a support system at the headquarters and began creating necessary manuals and rules for Nikon Metrology UK Ltd.</li> </ul>	○	pp. 27–28
	Biodiversity <sup>□</sup> conservation	<ul style="list-style-type: none"> <li>● Plan and implement specific measures and themes, and collect data on the environmental burdens of business activities</li> <li>● Continue performing LCAs<sup>□</sup> on a trial basis</li> </ul>	<ul style="list-style-type: none"> <li>● Created a list of biodiversity conservation targets and a schedule to attain them, based on which activities would be conducted at each facility and for each product</li> <li>● Performed LCAs on a trial basis for representative products</li> </ul>	○	pp. 31–32

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

### ■ Nikon Environmental Action Plan (Targets for the year ending March 31, 2014)

	Theme	Targets
Product-related activities	Energy conservation (prevention of global warming)	<ul style="list-style-type: none"> <li>● Improve overall energy efficiency</li> <li>● Improve overall energy efficiency of new representative products released during the year ending March 31, 2014</li> </ul>
	Reduction in the use of hazardous chemical substances	<ul style="list-style-type: none"> <li>● Maintain 100% compliance for products subject to the RoHS Directive</li> </ul>
	Distribution	<ul style="list-style-type: none"> <li>● Reduction in environmental impact of physical distribution</li> <li>● Foster the visualization of CO<sub>2</sub> emissions from international distribution</li> </ul>
Activities at facilities	Reduction in GHG emissions (CO <sub>2</sub> emissions from energy use)	<ul style="list-style-type: none"> <li>● Total CO<sub>2</sub> emissions from Nikon Corporation and Group manufacturing companies in Japan: 135 thousand tons or less</li> <li>● CO<sub>2</sub> emissions per unit of real output from Group manufacturing companies outside Japan: Achieve a 7% reduction from the baseline emissions (= average for the period from the year ended March 31, 2006 to the year ended March 31, 2008)</li> </ul>
	Waste reduction	<ul style="list-style-type: none"> <li>● Waste from Nikon Corporation and Group manufacturing companies in Japan: Maintain levels from the year ended March 31, 2011</li> <li>● Zero emissions: Facilities that have achieved level 1: Build a level 5 system Hikari Glass (Changzhou) Optics Co., Ltd. and NNJC*: Build a level 3 system</li> </ul>
	Conservation of forest resources	<ul style="list-style-type: none"> <li>● Collect and analyze relevant data to reduce the use of copy paper</li> </ul>
Others	Environmental management system (EMS)	(Integrated ISO 14001 certification) <ul style="list-style-type: none"> <li>● Obtain certification for Nikon Metrology UK Ltd.</li> </ul>

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



## Environmental Education

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

### Training of internal auditors

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

### General education

In Japan, the Nikon Group provides employees with education matched to their position, group affiliation, facilities, and department, based on the educational training plan for the environmental management system. For example, we provide introductory training and a basic workshop program for all new employees. These training sessions cover the latest information on the regulation of hazardous chemical substances, global warming, biodiversity<sup>□</sup>, and other environmental issues considered to be important in recent years. We also teach new employees about the activities we are undertaking to reduce the use of hazardous substances in our products and reduce CO<sub>2</sub> emissions at our facilities.

Also, during Environment Month (June), set by the Japanese Ministry of the Environment, we hold seminars and lectures to provide employees with essential information and increase their awareness of and interest in our environmental measures. During Environment Month in 2012, we invited a guest lecturer to provide a seminar on the roles to be played by companies, focusing on symbiosis with nature.

### Nature Tour in Akaya Forest

In October 2012, Nikon Corporation held a Nature Tour in Akaya Forest to provide Nikon Group employees and their families with an opportunity to understand the importance of forests and how they are related to our everyday lives. Akaya Forest is a national forest that extends over roughly 10,000 hectares north of the town of Minakami in Gunma Prefecture and is said to be a treasure trove of biodiversity. Nikon Corporation has been supporting a project implemented through the Nature Conservation Society of Japan to conserve and restore the biodiversity of the forest (AKAYA Project) since 2005. Through the 2012 tour, participants came into direct contact with nature while listening to explanations given by staff employed by the council organized jointly by the NGO and local residents. Through this hands-on experience, they learned about the local ecosystem and how human beings were connected to nature. Transport to the forest was by a "tempura bus," powered by fuel made from waste food oil.



Nature tour in Akaya Forest

### 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 annually commends and awards groups and individuals who have achieved outstanding results in their daily environmental activities. In the year ended March 31, 2013, four Outstanding Environmental Contribution Awards and 10 Environmental Contribution Awards were given to the winners.



Environmental Commendation ceremony

## Biodiversity Conservation

Corporate activities are closely linked to biodiversity. In procuring materials and utilizing water and energy, companies receive the benefits of nature. At the same time, however, they also have direct and indirect effects on nature, such as through generating waste, emitting CO<sub>2</sub>, and releasing chemical substances and wastewater. Led by a working group composed of members from departments working on CSR<sup>□</sup>, social contribution, the environment, and procurement, the Nikon Group has been exploring initiatives aimed at preserving biodiversity.

### ESR<sup>□</sup>-based initiatives

To identify our dependence and impact on biodiversity in our business activities, we conducted an evaluation using the Corporate Ecosystem Services Review (ESR). According to the results, the Nikon Group benefits from the supply of wood materials, wood fibers, fresh water, and other natural materials, while having an impact on ecosystem regulating services as a result of using chemical substances and emitting CO<sub>2</sub> in its business activities. The review also found that the Group can contribute to biodiversity<sup>□</sup> conservation through its products if they are used in nature

observation and recreational activities conducted within the natural environment as well as through R&D and educational activities.

In the year ended March 31, 2013, we began implementing necessary measures at the relevant departments based on the analysis of our relationship with ecosystem services. We also continued providing related education both internally and externally. Going forward, we will continue to foster these efforts.

### Preservation of forest resources

As part of its biodiversity conservation effort, the Nikon Group has been committed to reducing its use of paper. With regard to copy paper, each of the facilities and Group companies has made reduction efforts in their EMS activities. Based on the ESR<sup>□</sup> results, we will further enhance these activities in the future. In the year ending March 31, 2014, we will introduce a system in Japan to centrally manage the use of copy paper and related data and will analyze the data.

### VOICE



### Nikon products are indispensable for our fieldwork

Seichi Dejima  
Conservation Project Department  
The Nature Conservation Society of Japan

Seeking to protect the rich environment and natural blessings of our country, the Nature Conservation Society of Japan is an NGO engaged in nature conservation, research, and educational activities. I am engaged in the AKAYA Project, in which we monitor birds of prey (golden eagles and Hodgson's hawk eagles) in order to scientifically manage Akaya Forest, which extends over 10,000 hectares. To observe golden eagles raising their chicks on ledges from a distance of one kilometer, we always use Nikon fieldscopes and cameras. Also, Nikon's Fabre portable field microscope has proven to be very useful in enabling children to observe small water insects and soil health during our nature tours.

## ESR Results and Major Initiatives

ESR results			Major initiatives	Ref.
Ecosystem services on which the Nikon Group has a high dependence and/or impact	Specific examples			
Provisioning services	Wood materials and fibers	Use of paper as product materials (manuals, catalogues, packaging materials) Use of paper in business activities (copy paper, etc.)	Formulation of the paper procurement policy Green procurement <sup>□</sup> Analysis of the use of copy paper	pp. 32, 36, 59-60
	Freshwater	Use of water in business activities	Promotion of the circulative use of water	pp. 41-42
Regulating services	Maintenance of air quality	Emissions of chemical substances in business activities	Fuel conversion Monitoring	pp. 41, 43-44
	Regulation of climate	GHG <sup>□</sup> emissions in business activities	CO <sub>2</sub> emissions reduction activity	pp. 38-40
	Water purification and waste treatment	Generation of waste, including wastewater in business activities	Monitoring Promotion of zero emissions <sup>□</sup>	pp. 41-43
Cultural services	Ethical and spiritual values	Use of products for educational and research purposes	Support for the AKAYA Project	p. 31
		Social contribution activity	Provision of a program for the Eco Kids Exploring Party 2012	p. 55
		Employee education	Nature Tour in Akaya Forest	p. 31

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

The Nikon Group has adopted environmental accounting in accordance with the Japanese Ministry of the Environment's *Environmental Accounting Guidelines* (2005).

### Economic Benefits Associated with Environmental Conservation Activities

Unit: millions of yen

Item	Economic benefits	Sum of money
Revenue	Revenue from the sale of valuable resources	82
Expense Saving	Reduced energy costs due to energy savings	53
	Reduced expenses due to efficient utilization of resources	-
	Reduced expenses due to recycling of resources	-
Total		135

\* Scope of calculation: Nikon Corporation and Group manufacturing companies in Japan

\* The expenses do not include depreciation costs.

\* For equipment for which it is difficult to determine whether to allocate the spending to "Investment" or "Expenses," the entire amount is allocated to "Investment."

\* Totals may not sum due to rounding.

### Cost of Environmental Conservation

Unit: millions of yen

Category		Investment	Expenses	Total
Business Area Cost	Pollution Prevention Cost Prevention of air/water pollution, etc.	255	596	851
	Global Environment Conservation Cost Prevention of global warming, energy conservation, etc.	441	38	479
	Resource Circulation Cost Disposal of waste, efficient use of resources, etc.	13	336	349
Upstream/downstream Cost Administration of green procurement, recycling measures, etc.		24	26	50
Administration Cost Administration of environmental management systems, etc.		-	381	381
R&D Cost Energy-saving design of products, research and development, etc.		33	162	195
Social Activity Cost Social contribution activities, sponsorship activities, etc.		-	39	39
Environmental Remediation Cost Costs for restoring soil, etc.		-	18	18
Other Costs		20	29	49
Total		786	1625	2411



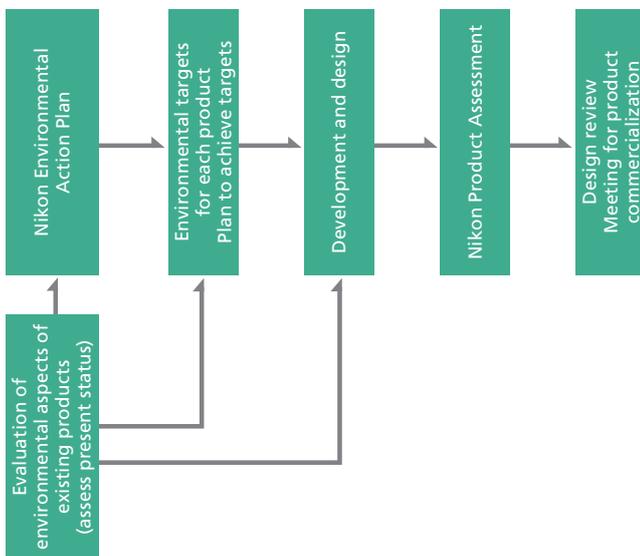
## Product-related Activities/Eco-friendly Products

# Implementing Multifaceted Measures throughout the Process from Development, Design, Manufacture, Distribution, and Recycling to Increase the Eco-friendliness of Products

## Eco-friendly Product Development

The Nikon Group continues to operate the system outlined below to produce a steady stream of even more advanced eco-friendly products.

### Management System for the Development of Eco-friendly Products



### Nikon Product Assessment

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

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

We have already assessed over 1,000 products and units and, to improve our products, have pushed for the less wasteful use of resources and substantial reductions in the use of hazardous substances. We have also continued efforts to improve energy efficiency<sup>[1]</sup>. In comparison to our existing products, we made an average energy efficiency improvement of 30.7% for our new products in the year ended March 31, 2013.

Furthermore, by utilizing the life cycle assessment (LCA<sup>[2]</sup>) method, Nikon Corporation has been making quantitative environmental impact assessments for its signature products.

### Features and Outline of the Nikon Product Assessment

#### Features

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

#### Outline

- Continues to reduce product mass and volume and the number of parts used in a product
- Improves energy efficiency
- Pursues longer product life and simpler repair procedures
- Raises consumer awareness (for the reduction and appropriate management of waste consumables)
- Simplifies recycling procedures
- Discontinues or reduces the use of hazardous substances
- Discontinues the use of ozone-depleting substances<sup>[3]</sup>
- Uses lead- and arsenic-free glass in the optical systems (see p. 33)
- Uses lead-free solder on electronic circuit boards (see p. 34)
- Adopts hexavalent chromium-free surface treatment technologies (see p. 34)
- Ensures compliance with environmental regulations
- Makes overall assessments

## Reducing Hazardous Substances in Products

In order to reduce the use of hazardous substances in all Nikon products, the Nikon Group has extensively promoted the development of lead- and arsenic-free glass as well as the establishment of lead-free soldering technologies and hexavalent chromium-free technologies in surface treatment. In response to the enforcement of the new RoHS Directive<sup>[4]</sup> in Europe on January 3, 2013, we will further enhance both these technologies and our quality assurance system to ensure even stricter compliance with the new directive.

### Discontinued use of ozone-layer-depleting substances

The Nikon Group had gradually decreased the use of ozone-layer-depleting substances (HCFCs) as refrigerants for equipment until finally discontinuing their use for equipment shipped in and after the year ended March 31, 2009.

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

In the 1990s, recognizing that the lead and arsenic used in most optical glass at the time posed the most significant product-related environmental problems, the Nikon Group developed a special type of optical glass that contains no lead or arsenic is therefore environmentally friendly. Since then, we have endeavored to

use only lead- and arsenic-free glass in optical products. Except for some products with unique specifications, we have achieved nearly 100% usage of lead- and arsenic-free glass. In the year ended March 31, 2013, lead- and arsenic-free glass usage rates in new designs were 100% for consumer products and 99.9% for industrial products.

### Full-scale adoption of lead-free solder

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

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

By implementing measures such as these, we have striven to increase the use of lead-free solder. In the year ended March 31, 2013, we again maintained a use rate of 100% lead-free circuit boards for all our consumer products, including digital SLR cameras, which form our core product category. In principle, we have also eliminated lead from all new circuit boards used in industrial products (such as steppers and scanners, microscopes, and surveying instruments).

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

Having reviewed its technologies and processes for chromate treatment and chrome plating, Nikon Corporation's surface treatment department discontinued the use of highly hazardous hexavalent chromium at the end of 2004. By applying the department's innovative findings and accumulated expertise to all Nikon product categories, we have established hexavalent chromium-free surface treatment technologies.

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

### Chemical analysis techniques used by the quality assurance departments

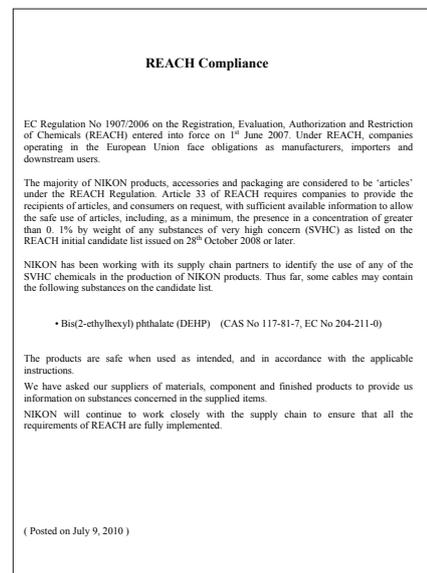
The Nikon Group is in the process of discontinuing the use of hexavalent chromium, lead, cadmium, mercury, PBB, PBDE, PVC, and other hazardous chemical substances in all of its products. Nikon products are made from an astonishingly large number of materials and components and pass through the hands of numerous business partners before reaching completion. To fully eliminate the use of hazardous chemical substances in Nikon products, in addition to establishing a green procurement system

(see pp. 58–60), it is essential that we inspect various materials using chemical analysis. We have therefore introduced chemical analysis technologies to our quality assurance departments and other departments involved in the production of Nikon products. We also educate our engineers on analysis technologies and the related know-how to prevent hazardous chemical substances from making their way into Nikon products.

### Response to regulations on hazardous chemical substances

At present, a range of new regulations on chemical substances are being enacted around the world. Backing up this trend is the tremendous progress that has already been made toward the establishment of an international framework for the appropriate management of chemical substances. Significant milestones include the announcement of the Rio Declaration<sup>[1]</sup> in 1992, in which the "preventive approach" was proposed, and the adoption of the Johannesburg Plan of Implementation<sup>[2]</sup> and SAICM<sup>[3]</sup>. The Nikon Group is striving to manage chemical substances in line with the established international framework and to ensure compliance with related laws and regulations in order to protect human health and reduce environmental risks.

Among the new regulations, the REACH Regulation<sup>[4]</sup> enforced in June 2007 has had a considerable impact on the international regulation of chemical substances to the extent that it is now essential that manufacturers manage the use of chemical substances in their products. Since 2011, the Nikon Group has been steadily utilizing information technology to survey the use of hazardous chemical substances in its products and manage the relevant information throughout its supply chain<sup>[5]</sup>, thereby complying with REACH and other regulations on hazardous chemical substances in a strict, prompt, and efficient manner.



[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)



## Eco-friendliness of Key Products

The Nikon Group aims to constantly improve the environmental performance of its products by means of an original system for managing environmentally friendly product designs.

Following are some examples of the eco-friendliness of products that we announced or released during the year ended March 31, 2013.

### Imaging Company

#### ■ Digital SLR camera: D600 (Released in September 2012)

The D600 is the smallest and lightest of Nikon's FX-format digital SLR models. It is highly weather resistant and is equipped with a dust-prevention system and an optical viewfinder with frame coverage of nearly 100%. This camera is also highly responsive, offering high-speed continuous shooting at about 5.5 fps. It has the same image processing engine as that mounted on higher-grade models as well as an image sensor with an effective pixel count of about 24 million pixels for superior imaging performance.

#### ■ Advanced camera with interchangeable lenses: Nikon 1 V2 (Released in November 2012)

The Nikon 1 V2, which belongs to the class of Nikon 1 advanced cameras with interchangeable lenses, has a compact and lightweight body and a built-in electronic viewfinder and flash. It is also equipped with a range of functions, including the slow view function.

#### ■ AF-S NIKKOR 70–200mm f/4G ED VR (Released in November 2012)

This compact and lightweight telephoto zoom lens for Nikon FX-format digital SLR cameras covers the 70–200-mm range of focal lengths with a fixed maximum aperture of f/4. It adopts Nano Crystal Coat technology and is equipped with a vibration reduction (VR) system that provides camera shake compensation equivalent to a five-step increase in shutter speed. This model has a minimum focus distance of 1.0 m and a maximum shooting magnification of 1:3.6, giving it superior rendering also for close-ups.

#### ■ Compact digital camera: COOLPIX S9500 (Released in February 2013)

This camera has a 22x optical zoom NIKKOR lens. It is also equipped with the "dynamic fine zoom" function, which allows up to 44x digital zoom without compromising the resolution, an image sensor with an effective pixel count of 18.11 million pixels, and Wi-Fi® connectivity and GPS functions. Although it is highly functional and features an easily viewable, high-definition 3.0-inch organic EL monitor as well as a high-power lens, this model has a compact and stylish body.



D600



Nikon 1 V2



AF-S NIKKOR 70-200mm f/4G ED VR



COOLPIX S9500

Energy efficiency <sup>1)</sup>	Improved by 2 to 36% compared with standard models
Lead-free solder	Lead-free solder is used on all electronic circuit boards.
Reduction of hazardous substances	Complies with the standards set by the European RoHS Directive <sup>2)</sup>
Lead- and arsenic-free glass usage	100%

\* Common data for all four products described above

### Instruments Company

#### ■ C-LEDFl Epi-Fl LED illuminator (Announced in March 2013)

This newly developed fluorescent illuminator employs LEDs as its light source, making it maintenance-free. It has a substantially longer life compared with conventional illuminators using mercury lamps.

Reduced electricity consumption	Adoption of LEDs has resulted in an about 77% reduction in electricity consumption compared with a conventional model.
Longer life	Adoption of LED as the light source has prolonged the illuminator's life to over 10,000 hours and makes it maintenance-free.
Lead-free solder	Lead-free solder is used on all electronic circuit boards.
Weight reduction	About 10% reduction compared with a conventional model



### Nikon Vision Co., Ltd.

#### ■ Pocket-sized laser rangefinder: COOLSHOT (Released in April 2012)

This model is the smallest and lightest of Nikon's laser rangefinders. Although it has a stylish, compact body, it offers high-grade optical performance and is very convenient, making it optimal for use on golf courses.

Weight reduction	15% reduction compared with the 1000 AS (195 g → 165 g)
Lead-free solder	Lead-free solder is used on all electronic circuit boards.
Reduction of hazardous substances	Compliance with the Nikon Green Procurement <sup>1)</sup> Standards and the European RoHS Directive
Longer life	The full-scale waterproof system using nitrogen gas keeps rain out, thus preventing damage and making the product useful in a variety of situations.
Lead- and arsenic-free glass usage	100%



COOLSHOT

## Packaging Measures

Nikon Corporation formulated its Environmental Policy Regarding Packaging Materials in May 1998 and revised it in June 2000.

Based on this policy, we have been engaging in various efforts to boost the loading efficiency of physical distribution. Packaging is continuously improved by reviewing the size of product boxes to ensure efficient loading onto trucks, making user manuals less bulky, and switching from conventional containers to pallets to eliminate the need for outer packaging. In addition, we are making efficient use of recycled resources. For example, we employ a type of insertion packaging that enables the cushioning material and cardboard box to be easily separated and use molded pulp as cushioning materials for some products.



Product boxes for compact digital cameras

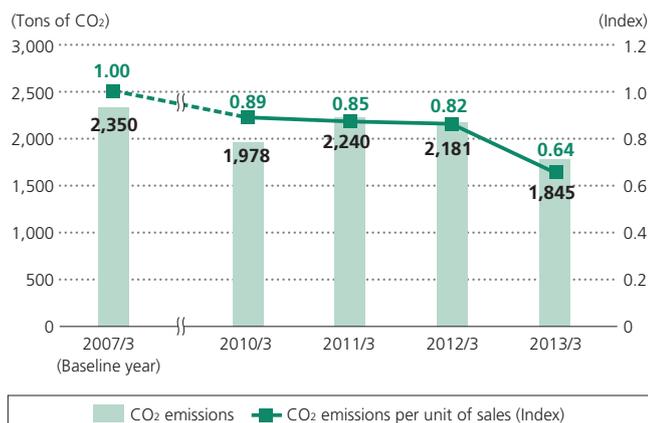
## Distribution-related Activities

The Nikon Group is engaged in a number of initiatives to reduce CO<sub>2</sub> emissions in distribution based on the understanding that such efforts are urgently needed to mitigate global warming.

### Reducing carbon emissions in distribution

Nikon Corporation is striving to reduce CO<sub>2</sub> emissions in transportation by identifying its distribution routes, including those used by Group manufacturing companies in Japan, and obtaining numerical data on transportation volumes and CO<sub>2</sub> emissions. In the year ended March 31, 2013, we began calculating CO<sub>2</sub> emissions from international distribution by using the calculation tool provided by the Policy Research Institute for Land, Infrastructure, Transport and Tourism of the Japanese Ministry of Land, Infrastructure, Transport and Tourism. In the fiscal year,

### CO<sub>2</sub> Emissions from Physical Distribution in Japan



CO<sub>2</sub> emissions came to 1,845 tons for distribution in Japan and 362 thousand tons for international distribution.

### Promoting eco-driving

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

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

### “Stop idling” promotion

When transporting IC steppers and scanners and other devices by road, 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 purpose engines used to be kept running even while the vehicle was parked. However, there is no longer any need for idling within the premises of our factories, where it is now possible to power the equipment by the use of external sources.

Nikon Business Service has equipped all of its vehicles for use with external power sources.



Externally powered vehicle

### Introduction of eco-friendly vehicles and shortening of transport distances

The Nikon Group is gradually replacing its company vehicles and freight trucks with fuel-efficient models, and is promoting the introduction of eco-friendly vehicles.

For transportation between Nikon Corporation's Kumagaya Plant and Narita International Airport, we shifted from “as-needed” to regular transportation, thereby greatly increasing transport efficiency. We are also implementing various other measures, including practicing bulk transport<sup>□</sup> to improve loading efficiency and reviewing international distribution routes (and promoting direct delivery) to shorten transport distances.



### Modal shifts

The Instruments Company is shifting its mode of delivery from truck to railway, which has less environmental impact. Starting with products that can be easily transported by rail, the company will gradually expand its use. Also, in the year ended March 31, 2013, we began shifting to rail transport for the supply of packaging materials to procurement partners.

## Reuse and Recycling of Used Products

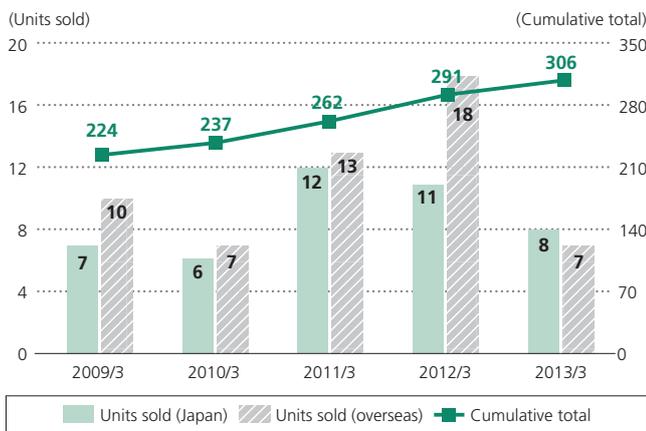
As a supplier of products to all over the world, Nikon is working tirelessly to reduce the total environmental impact of its products and services by reusing and recycling used products.

### Sales of refurbished steppers and scanners

In the year ended March 31, 2001, the Nikon Group launched a commercial service for collecting used Nikon steppers and scanners from customers, reconditioning them, replacing parts, reconfiguring them, and installing them for new customers in Japan and overseas.

This is just one example of Nikon's practice of reusing its own products. As of the year ended March 31, 2013, Nikon had sold a cumulative total of 306 refurbished steppers and scanners.

#### ■ Volume of Refurbished Steppers and Scanners



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



WEEE symbol

### Recycling of packaging materials

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

In Europe, under the EU Directive on packaging and packaging waste, each country has developed a packaging waste collection and recycling system in accordance with its national laws. Many of those frameworks adopt the Green Dot system<sup>□</sup>. The Nikon Group cooperates in the collection and recycling of packaging materials in those countries that participate in the program by paying a collection and recycling fee to recycling organizations in each country and by displaying the Green Dot mark on its product packaging.



The Green Dot mark

### Battery recycling

In Japan, Nikon Corporation has been cooperating with JBRC<sup>□</sup> 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 the WEEE Directive<sup>□</sup>, 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. The Nikon Group, led by a group company in the Netherlands, has been preparing nation-specific measures to meet its collection and recycling obligations for digital cameras and other Nikon products. We have established a collection and recycling system in more than 25 countries, registering with local collection organizations.

## Activities at Facilities

# Implementing a Range of Initiatives at Facilities on the Theme of Global Environmental Protection

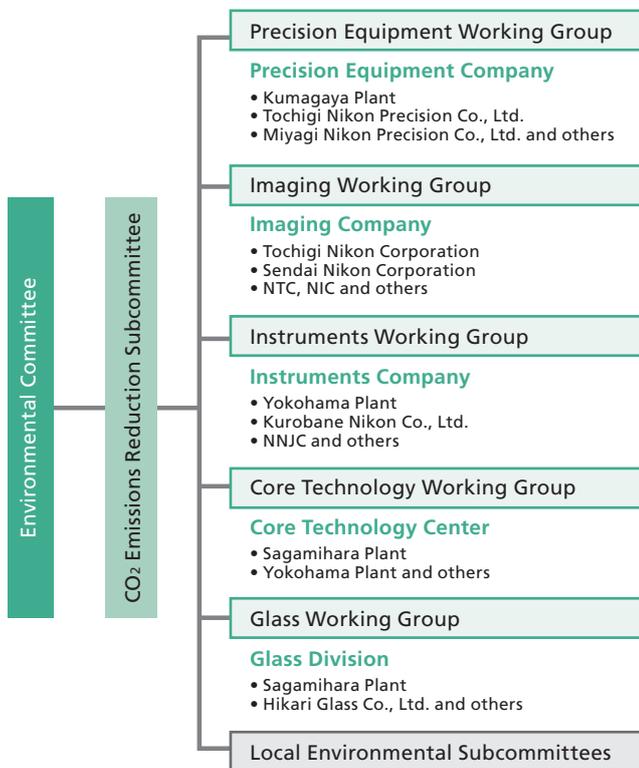
## Reducing CO<sub>2</sub> Emissions at Manufacturing Facilities

The Nikon Group has been making a concerted effort to reduce its CO<sub>2</sub> emissions based on the basic policy of “passing on a sustainable and healthy environment to future generations.” We will continue to position CO<sub>2</sub> emissions reduction as one of our management priorities and work to help create a low-carbon society by measures such as fostering energy conservation, use of natural energy, and improvement of energy efficiency<sup>□</sup> throughout the life cycles of our products.

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

The Nikon Group’s efforts to reduce CO<sub>2</sub> emissions are centered on the CO<sub>2</sub> Emissions Reduction Subcommittee, which is composed of working groups from in-house companies and business segments that emit large quantities of CO<sub>2</sub>. In addition to activities carried out independently by facilities, the Nikon Group has created systems for independent activities on the part of its in-house companies and business segments. These systems involve considering, drafting, and implementing effective measures to reduce CO<sub>2</sub> emissions that

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



\*Head Office and facilities not included in Working Groups

\* NTC: Nikon (Thailand) Co., Ltd.  
 \* NIC: Nikon Imaging (China) Co., Ltd.  
 \* NNJC: Nanjing Nikon Jiangnan Optical Instrument Co., Ltd.

are in line with each business format.

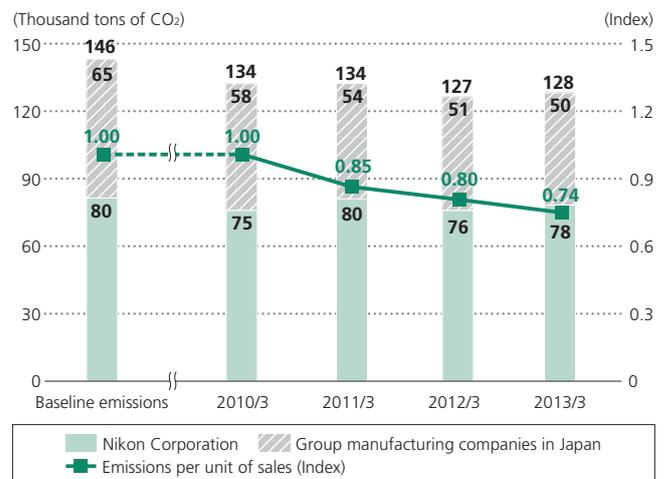
In particular, since the occurrence of the Great East Japan Earthquake, we have been striving to reduce CO<sub>2</sub> emissions in response to changes in the approaches taken by the Japanese government and electric power companies and in line with the direction of the international climate change regime. Specifically, under the CO<sub>2</sub> Emissions Reduction Subcommittee, each of our units and facilities has established their own reduction targets and is implementing measures to attain them. In addition to each department promoting their own autonomous activities, such as visualization of energy usage, extending this to management by the adoption of objectives, and awareness-raising activities for employees, we are carrying out initiatives throughout entire product life cycles. Further, we have endeavored to make more efficient use of energy and conserve more energy in the face of the recent electricity supply restrictions.

### CO<sub>2</sub> emissions from the Nikon Group 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 HVAC, lighting, and OA devices, and making more use of renewable energy.

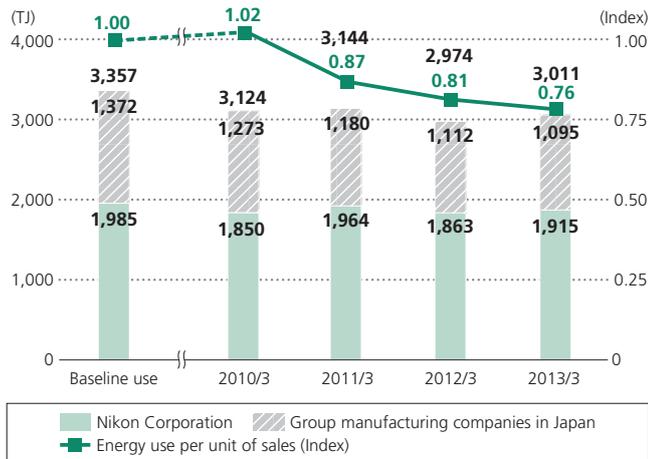
In the year ended March 31, 2013, the total CO<sub>2</sub> emissions of Nikon Corporation and Group manufacturing companies in Japan came to 128 thousand tons, meaning we achieved our target of 136 thousand tons.

### ■ CO<sub>2</sub> Emissions from Nikon Corporation and Group Manufacturing Companies in Japan (Calculated by fixing the CO<sub>2</sub> emission factors for use in the Action Plan)



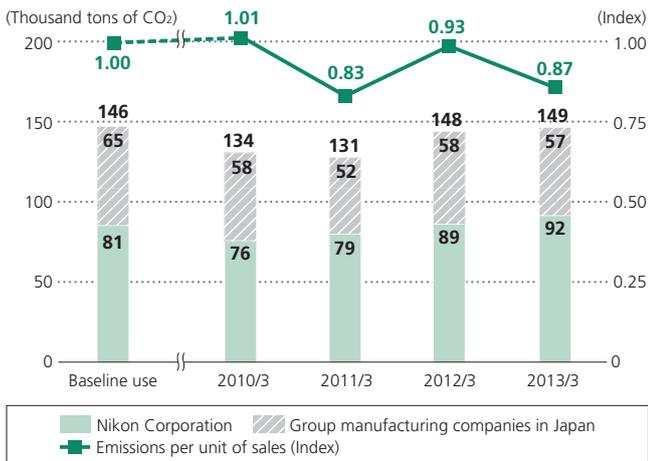
\* Baseline emissions are average value between the year ended March 31, 2006 and the year ended March 31, 2008  
 Emissions are calculated using the following emissions factors:  
 Electricity: Weighted average of the actual emissions factors between the year ended March 31, 2006 and the year ended March 31, 2008 (fixed for all periods)  
 City gas (unit heating value): Value specific to each gas company  
 Other fuels: Values contained in the *Manual for Calculating and Reporting Greenhouse Gas<sup>□</sup> Emissions* applied when calculating baseline emissions

### Energy Use by Nikon Corporation and Group Manufacturing Companies in Japan



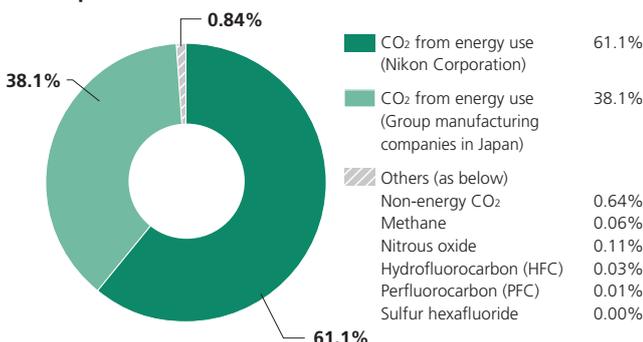
\* Baseline use is average value between the year ended March 31, 2006 and the year ended March 31, 2008  
 Energy use is calculated using the following coefficients:  
 Electricity: 0.00976 GJ/kWh (fixed for all periods)  
 City gas: Value specific to each gas company  
 Other fuels: Values contained in the *Manual for Calculating and Reporting Greenhouse Gas Emissions* applied when calculating energy use for each fiscal year

### CO<sub>2</sub> Emissions of Nikon Corporation and Group Manufacturing Companies in Japan



\* Baseline emissions are average value between the year ended March 31, 2006 and the year ended March 31, 2008  
 Emissions are calculated using the following emissions factors:  
 Electricity: Actual emissions factor for each fiscal year (The actual emissions factor for fiscal 2011 is used for the year ended March 31, 2013.)  
 City gas (unit heating value): Value specific to each gas company  
 Other fuels: Values contained in the *Manual for Calculating and Reporting Greenhouse Gas Emissions* applied when calculating emissions for each fiscal year

### Breakdown of Greenhouse Gas Emissions by Nikon Corporation and Group Manufacturing Companies in Japan



### Examples of CO<sub>2</sub> emissions reduction measures taken by the Nikon Group in Japan

#### Introduction of a seamless HVAC system

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

#### Utilizing renewable energy

Nikon Corporation's Kumagaya Plant has been operating a solar power generation system at full capacity since January 2010. The system is part of a joint research project with the New Energy and Industrial Technology Development Organization (NEDO). The system generates at least 100,000 kWh of power per year, which results in a reduction of CO<sub>2</sub> emissions of about 50 tons. Also, the Yokohama Plant cosponsors Yokohama City's project for wind power generation as a Y (Yokohama) Green Partner Company.



Yokohama Plant's certificate for green power

#### Effective use of well water

The manufacture of glass materials involves heat processing at high temperatures, which imposes heavy loads on HVAC systems. At Nikon Corporation's Sagamihara Plant, an HVAC system that circulates well water (at a year-round temperature of around 18 degrees Celsius) is adopted for the thermal process. By using this system, the plant has reduced its power use by about 50% compared with the use of an HVAC system equipped with a water-cooling system.

#### Initiatives at other facilities

When it is time to replace equipment that has reached the end of its useful life, we actively encourage facilities belonging to companies within the Nikon Group to introduce high-efficiency equipment (LED lighting, air-conditioning, compressors, transformers, etc.) and to switch fuels for boilers. For example, the Sagamihara Plant and its Shonan Branch replaced some of the mercury and fluorescent lights in their offices and processing rooms with LED



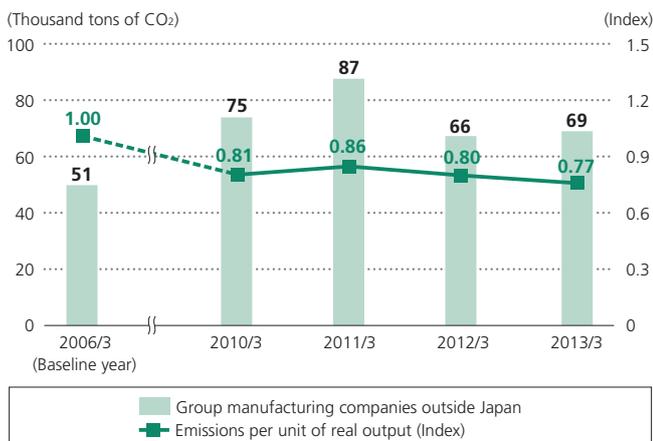
LED lighting at the Shonan Branch, Sagamihara Plant

lighting. In addition, the Kumagaya Plant has introduced three commuter buses powered by natural gas with the aim of reducing CO<sub>2</sub> emissions.

### CO<sub>2</sub> emissions from Group manufacturing companies outside Japan

In the year ended March 31, 2013, the CO<sub>2</sub> emissions per unit of real output from Group manufacturing companies outside Japan were reduced by 23%, which was slightly below the predefined target of a 25% reduction due to the influence of the production status in the fourth quarter.

#### ■ CO<sub>2</sub> Emissions from Group Manufacturing Companies outside Japan



\* CO<sub>2</sub> Emissions from electricity use are calculated using emission factors for fiscal year 2003 in the *Report on the Estimates of CO<sub>2</sub> Emissions Intensity in the Power Sectors of Different Countries, Ver. 3* (fixed for all periods)

\* The baseline year for the index of emissions per unit of real output is set at the year ended March 31, 2006 (year ended March 31, 2006 = 1).

\* For the year ended March 31, 2012, the calculation of CO<sub>2</sub> emissions from Nikon (Thailand) Co., Ltd. was limited to the period from April through September due to the temporary shutdown of the company's plants as a result of the flood in Thailand.

### Examples of CO<sub>2</sub> emissions reduction measures by Group manufacturing companies outside Japan

#### ■ Introduction of solar-powered LED lighting

In China in the summer of 2012, Nikon Imaging (China) Co., Ltd. attached solar panels to 30 lighting devices among the approximately 50 installed outdoors on the factory premises and replaced the bulbs with LEDs. The company has also successively been replacing bulbs used in corridors in the factory and other common-use spaces with LEDs. It anticipates a reduction in its annual CO<sub>2</sub> emissions of about 80 tons in total.

In Thailand, Nikon (Thailand) Co., Ltd. has installed solar-powered outdoor LED lights at 42 locations around its factory grounds, thereby cutting its annual CO<sub>2</sub> emissions by around



Solar-powered outdoor light at Nikon (Thailand) Co., Ltd.

27 tons. Although affected by the floods during the year ended March 31, 2012, the company resumed using the lights in November 2011.

### Efforts by Non-Manufacturing Facilities

At the Nikon Group's non-manufacturing facilities too, various environmental efforts are being made to conserve energy, reduce waste, and foster the recycling of resources.

#### Conserving energy at offices

Nikon GmbH (Germany) has elected to use superior thermal insulation in the walls of its office buildings and has introduced cogeneration systems to power the heating and cooling in its offices. Nikon U.K. Ltd. (United Kingdom) and Nikon Nordic AB (Sweden) have introduced motion sensor lighting in their offices as a way of reducing power consumption. Other offices are also striving to use more energy-efficient lighting equipment. Nikon Research Corporation of America (United States) and Nikon Precision Inc. (United States) replaced the lights used in its parking lot with LEDs, while Nikon India Private Limited (India) replaced its office lighting with bulb-type fluorescent lights.

In addition to making these improvements to equipment, the offices are making various other daily efforts, including diligently turning off lights, air conditioners and computers.



The reception desk at Nikon India Private Limited, where the lights were replaced with bulb-type fluorescent lights



Sticker posted in the meeting room of Nikon India Private Limited to encourage employees to conserve more energy

#### Using renewable energy

Nikon AG (Switzerland) introduced a heat pump system using geothermal heat for heating and cooling its office when it moved locations in 2003.



### Resource conservation and waste reduction

At the Nikon GmbH Austrian Branch Office (Austria), all employees are committed to reducing document printouts to make their workplace a "paperless office." They have also fostered the digitization of invoices, thereby achieving a reduction in paper use. Nikon Imaging Korea Co., Ltd. (South Korea) has been encouraging employees to reduce the use of paper cups since 2011 and now almost all employees use their own reusable cups.



Space for the cups of individual employees is set aside at Nikon Imaging Korea Co., Ltd.

### Efforts for commuting and commercial vehicles

In the year ended March 31, 2007, Nikon Nordic AB (Sweden) set the Nikon Nordic Car Policy as the guidelines to be followed in selecting company cars with low environmental impact. Moreover, to encourage employees to help the environment as well as their own health by foregoing their car and walking or biking to and from work as well as in their private lives, the company holds an internal event called the "Step Competition" during the spring and fall and at other times of year when the weather is suitable. Furthermore, at other Nikon Group facilities the introduction of hybrid cars and vehicles with higher fuel economy has been promoted and employees are encouraged to use public transportation to reduce the environmental impacts of traveling.

## Preventing Air/Water Pollution and Protecting Water Resources

### Preventing pollution of the air and water

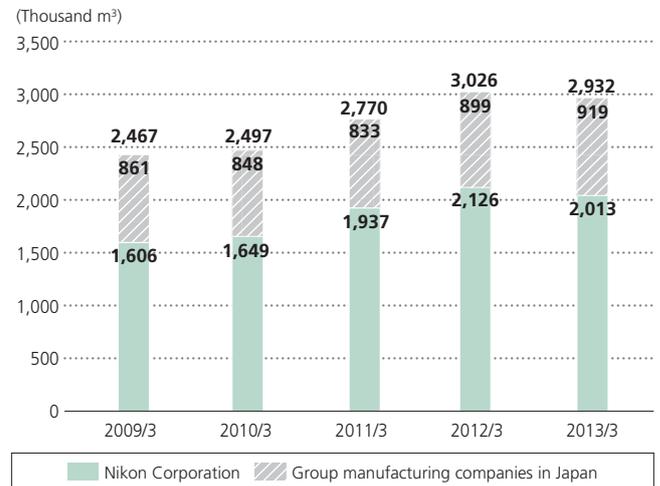
In order to preserve local air and water quality, the Nikon Group concludes agreements with relevant local organizations in consideration of the local environment and sets voluntary standards to prevent pollution, in addition to ensuring compliance with the related laws and regulations. In the year ended March 31, 2013, neither any Group manufacturing company in Japan nor Nikon Corporation emitted regulated substances into the air at levels exceeding the standards. The TNI Industry Nagai Factory (Japan), however, once exceeded the legal standards for wastewater but met the standards again in the following month. The details and environmental performance data of individual facilities are disclosed on the following webpage.

**Web** Environmental performance data for each of the facilities (only in Japanese)  
<http://www.nikon.co.jp/csr/environment/plants/data/>

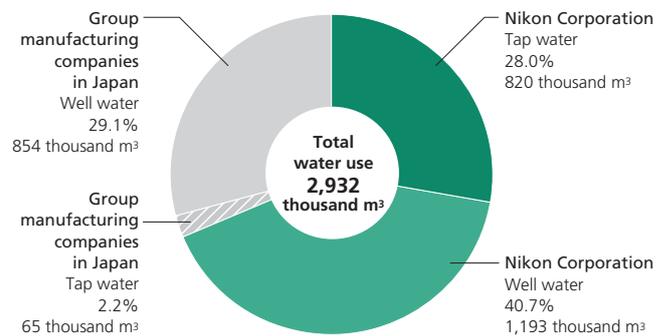
### Protecting water resources

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

#### Water Use by Nikon Corporation and Group Manufacturing Companies in Japan



#### Breakdown of Water Use by Nikon Corporation and Group Manufacturing Companies in Japan (Year ended March 31, 2013)



\* No industrial water is used.

### An example of the circulative use of water

The manufacture of optical components requires the use of large quantities of water resources. The use of water by Nikon Corporation's Sagami-hara Plant, which employs an integrated process to manufacture optical materials and process optical components, accounts for about 50% of the total use by the Nikon



Pipes through which the recovered and treated water is supplied to the washing process (at the Sagami-hara Plant)

Group in Japan. The plant's use of water for its waste gas cleaning equipment is particularly high. This equipment removes acid components contained in gas leftover from the glass manufacturing process by using water as an adsorbent. The plant is fostering the treatment and reuse of wastewater produced by this equipment and at present the use of circulated water accounts for 60% of the total water used in the cleaning process. The Nikon Group is thus conserving water resources while curtailing the impact of glass manufacturing on the air and water.

## VOICE



## For more efficient reuse of water

Toshimasa Mashiko  
Maintenance Team Leader,  
Equipment and Process Design Section,  
1st Production Department, Glass Division,  
Nikon Corporation

We are fostering the circulative use of water at our site as one of our environmental initiatives. We are keeping the recycling rate of wastewater at 60% by treating and reusing wastewater from the production process. In order to ensure the stable operation of our production equipment, it is important to maintain and repair it regularly. To this end, and also to conserve energy and resources, we are visualizing the operational data, which will help us improve the operational efficiency in an eco-friendly manner.

## Efforts for Waste Reduction

## Waste reduction

The amount of waste disposal during the year ended March 31, 2013 by Nikon Corporation was 2,509 tons, while that by Group manufacturing companies in Japan totaled 1,608 tons. Together, Nikon Corporation and the Group manufacturing companies in Japan achieved their target of maintaining the same level of waste disposal as in the year ended March 31, 2011.

Toward zero emissions<sup>□</sup>

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

The Yokosuka Plant, which had started full-scale operation, achieved level 1 zero emissions for the first time, and all the facilities that had achieved level 1 in the year ended March 31, 2012 maintained the level. (Two non-consolidated affiliates were excluded from the boundary of reporting as a result of determining the companies to be included in this report.) In light of the fact that a lot of facilities have already achieved and maintained level 1, we will add level 5 to the existing four levels in the year ending March 2014, which will help us achieve a further reduction in our final landfill disposal rate.

## Five levels of zero emissions

- Level 5: Final landfill disposal rate: less than 0.5%  
(To be added in the year ending March 2014)
- Level 1: Final landfill disposal rate: less than 1%
- Level 2: Final landfill disposal rate: less than 5%
- Level 3: Final landfill disposal rate: less than 10%
- Level 4: Final landfill disposal rate: less than 20%

## Achievement of Level 1 Zero Emissions in the Nikon Group

	Company	Year of achievement
Nikon Corporation	All of the six plants	Year ended March 2003
Group manufacturing companies in Japan	Sendai Nikon Corporation	Year ended March 2002
	Tochigi Nikon Corporation/ Tochigi Nikon Precision Co., Ltd.	Year ended March 2004
	Kurobane Nikon Co., Ltd.	Year ended March 2004
	Miyagi Nikon Precision Co., Ltd.	Year ended March 2005
	TNI Industry Co., Ltd. Nagai Factory	Year ended March 2010
Group manufacturing companies outside Japan	Nikon Imaging (China) Co., Ltd.	Year ended March 2010

## Progress made by the Nikon Group in Japan

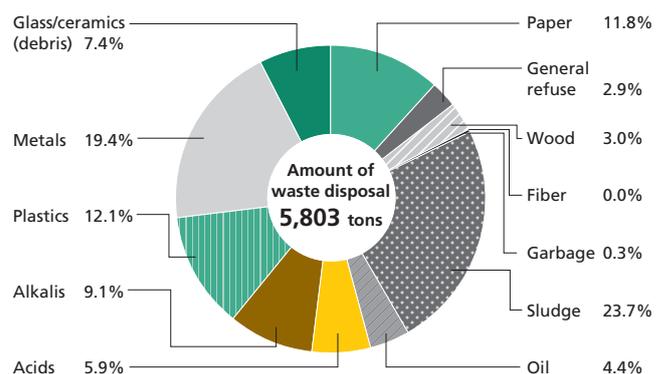
In the year ended March 31, 2013, Nikon Corporation and Group manufacturing companies in Japan with the exception of Hikari Glass maintained level 1 zero emissions. The recycling rate achieved at these companies rose to 97.8%, with the landfill disposal rate of 0.3% although the disposal of waste (including the amounts treated as valuable resources) increased by 2.4% year on year.

As an example of the improvements, Nikon Corporation's Yokosuka Plant concluded an agreement to sell some of its waste to a recycling company instead of entrusting its treatment to a waste disposal company. Specifically, the plant now sells stainless steel, brass, and aluminum residues from its manufacturing process as well as used wires, printed boards, and compounds—the amount of which have increased in line with an increase in production volume—to the recycling company as valuable resources. Through this initiative, the plant promptly achieved both a higher recycling rate and a cost reduction.

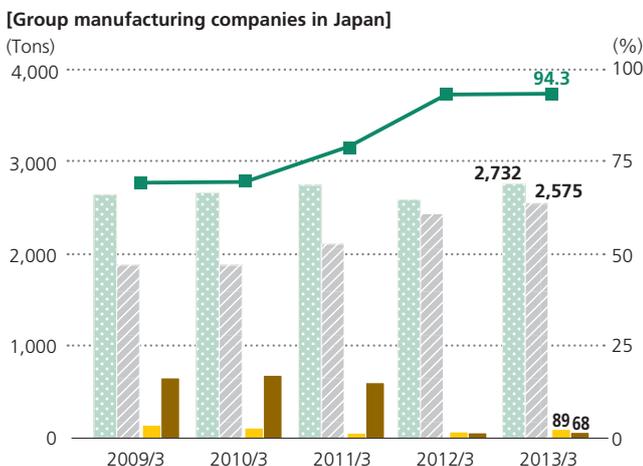
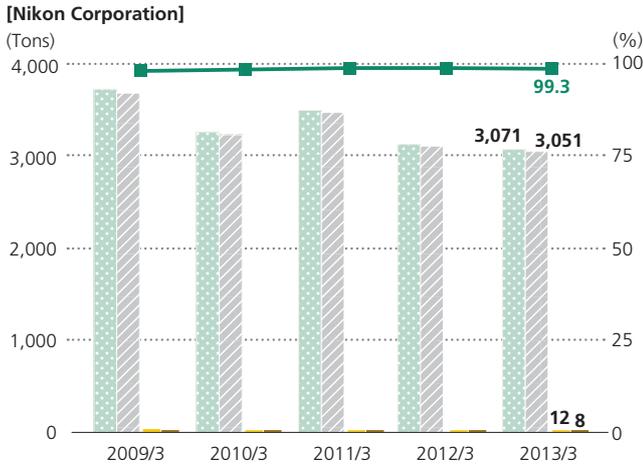
Also, the Akita Plant operated by Hikari Glass began to entrust the treatment of sludge, which had been sent to landfill sites because its fluorine content made it difficult to recycle, to a recycling company. This company melts the sludge to recycle it into slag to be used as cover material. The plant is making further efforts to maintain level 4 zero emissions and to achieve more improvements.

Moreover, we have introduced a waste management system that allows the use of the JWNET electronic manifest<sup>□</sup> service, which will facilitate the collection and validation of the data on waste discharged from Nikon Corporation and Group manufacturing companies in Japan.

## Breakdown of Waste Including Valuable Resources at Nikon Corporation and Group Manufacturing Companies in Japan (by category, year ended March 31, 2013)



### Disposal, Landfill, and Recycling of Waste including Valuable Resources at Nikon Corporation and Group Manufacturing Companies in Japan



### Progress made at Group manufacturing companies outside Japan

In China, Nikon Imaging (China) Co., Ltd. commenced activities toward zero emissions<sup>□</sup> during the year ended March 31, 2009. It began by assessing the current situation and examining, according to type of waste, disposal methods that could serve as alternatives to sending everything to landfill. As a result, it switched waste processing companies from those that were unable to offer recycling and other such services. Thanks to its wide-ranging efforts, it achieved level 1 zero emissions in the year ended March 31, 2010. During the year ended March 31, 2013, it retained its level 1 status with a final landfill disposal rate of 0.74%. At present, the company is working to recycle waste generated from the cleaning process.

Two non-conducting Group companies in China, Nanjing Nikon Jiangnan Optical Instrument Co., Ltd. and Hikari Glass (Changzhou) Optics Co., Ltd., began collecting accurate data on their waste disposal for the establishment of a waste management system in the year ended March 31, 2012, and achieved level 4 zero emissions, as planned, in the year ended March 31, 2013.

In Thailand, Nikon (Thailand) Co., Ltd. has rebuilt its environmental management system as part of its effort to recover from the damage caused by flooding in October 2011. The

company has already resumed the activity of its zero emissions team launched in April 2010, and is implementing measures to achieve its voluntary target of level 4 zero emissions, including recycling the sludge generated in the surface treatment process and in the treatment of wastewater from lens processing.

### Control and Disposal of Polychlorinated Biphenyl (PCB) Waste

The Nikon Group observes stringent safekeeping and notification practices for PCB-containing waste and electrical equipment in use in compliance with laws and regulations. In November 2012, as in the previous fiscal year, highly concentrated PCB-containing waste (two capacitors) stored at Nikon Corporation's Ohi Plant was taken to the Tokyo Facility of the Japan Environmental Safety Corporation (JESCO) for proper disposal. In consultation with JESCO, we plan to gradually dispose of the remaining PCB-containing waste and electrical equipment in use by the deadline specified in the Law Concerning Special Measure against PCB waste<sup>□</sup>.



PCB waste being removed from the Ohi Plant

PCB waste being delivered to JESCO

### Control and Reduction of Chemical Substances in Manufacturing

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

As an example, Nikon Corporation obtains a (material) safety data sheet ((M)SDS) 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 departments in charge of the environment, health, and safety recheck the measures from an expert viewpoint.

The Nikon Group strictly controls the use of chemical substances, in particular those of high concern, so as to minimize their use. We will continue conducting research into alternative substances and maintain our efforts to reduce the risk of chemical contamination to as close to zero as possible.

**The Nikon Group's PRTR<sup>□</sup>**

The Nikon Group created the Nikon PRTR Guide in March 2000. All of its facilities in Japan have been using this guide to manage the chemical substances used at their facilities, including quantity management from purchase and use through to disposal as well

as safe handling and disposal of chemicals according to (M)SDSs. Subsequently, in March 2002 we established a system to make notifications, which had become mandatory by law, by updating the Guide to include a new section.

**■ Release and Transfer of PRTR Substances (Year ended March 31, 2013)**

Unit: kg

Facility	Substance no.	Substance name	Volume handled	Amount released			Amount transferred		Amount in on-site landfill	Amount removed for processing	Amount shipped in products	
				Air	Public water	Soil	Sewage	Waste				
Nikon Corporation	Sagamihara Plant	305	Lead compounds	6,482	5	0	0	0	2,553	0	0	3,925
		384	1-bromopropane	24,318	24,071	0	0	243	3	0	0	0
		405	Boron compounds	1,904	3	0	0	0	748	0	0	1,153
Nikon Corporation	Kumagaya Plant	384	1-bromopropane	3,842	2,846	0	0	0	0	0	0	996
Group manufacturing companies in Japan	Tochigi Nikon Precision Co., Ltd.	384	1-bromopropane	8,881	7,281	0	0	0	0	0	0	1,600
	Sendai Nikon Corporation	88	Hexavalent chromium compounds	1,482	0	0	0	0	200	0	1,282	0
		87	Chromium and trivalent chromium compounds	1,282	0	0	0	0	0	0	0	1,282
		300	Toluene	1,187	614	0	0	0	573	0	0	0
		384	1-bromopropane	33,670	25,630	0	0	0	8,040	0	0	0
	Kurobane Nikon Co., Ltd.	71	Ferric chloride	4,960	0	0	0	0	0	0	0	4,960
		384	1-bromopropane	7,550	5,404	0	0	0	2,146	0	0	0
	Hikari Glass Co., Ltd. Akita Plant	405	Boron compounds	11,841	17	1	0	0	5,720	0	0	6,104
	TNI Industry Co., Ltd. Nagai Factory	384	1-bromopropane	1,584	1,188	0	0	0	396	0	0	0
		300	Toluene	1,397	1,267	0	0	0	130	0	0	0
TNI Industry Co., Ltd. Otawara Factory	185	Dichloropenta-fluoropropane	1,475	1,382	0	0	0	0	0	0	93	
<b>Total</b>				111,856	69,707	1	0	243	20,509	0	1,282	20,113

\* The Ohi Plant, Yokohama Plant, Mito Plant, and Yokosuka Plant belonging to 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 1 ton or more (0.5 tons or more for Class 1 designated chemical substances) is handled at the facility in a given year.

\* The total volumes handled may not always sum due to rounding.

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

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

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

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

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

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

# Implementation of Compliance Activities



Organizational Governance



Human Rights



Fair Operating Practices

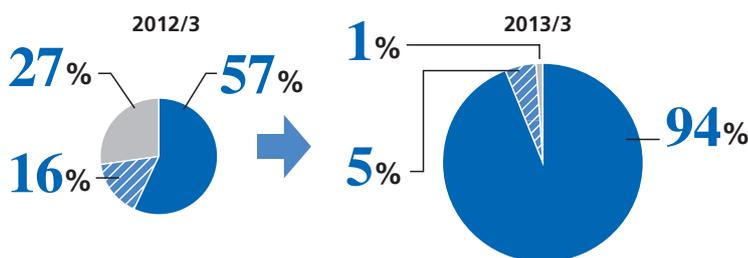
## Targets

- Steadily conduct promotion activities within the Group to raise awareness of the Nikon Code of Conduct
- Confirm the usage of all reporting/consulting systems set up within the Group, identify any problem areas, and propose remedial measures

## PICK UP

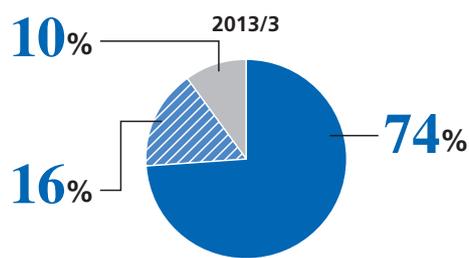
### ■ Results of the awareness survey targeting 10 Group companies in the China-Hong Kong region (Response rate: 86%)

- Have you ever read the Nikon CSR Charter and Code of Conduct?



### ■ Results of the awareness survey targeting 17 Group companies in Europe (Response rate: 57%)

- Have you ever heard of the word "compliance"?



■ Yes, I have and understood the contents/meaning ■ Yes, but I don't understand the contents/meaning ■ No, I haven't

## Global Promotion of Compliance Activities

# Encouraging Individual Employees to Make Decisions and Take Actions Appropriately in Response to Global Social Changes

## Nikon's Approach to 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." The Nikon Group has established the Nikon Code of Conduct, based on which individual members make decisions and take appropriate actions in regard to various business situations. In April 2011, we revised the Code to ensure it clearly outlines items such as fair trade, human rights, CSR-oriented procurement, and anti-corruption from an international CSR perspective, thereby making it applicable to Group companies not only in Japan but also abroad.

## Compliance Promotion Activities

The Compliance Section under the CSR Department at Nikon Corporation develops compliance activities in cooperation with compliance facilitators stationed in the various departments of the company and in Group companies. Outside Japan, regional holding companies of the Group are playing a major role in facilitating the promotion activities.

### Providing all Group employees with compliance education

In the year ended March 31, 2013, we provided compliance education on the topic of precautions to take when using social media, which has grown rapidly in popularity around the world, as the theme to be shared across the Group. We included examples of information leaks and breaches of etiquette in the teaching materials on social media to make employees aware of the importance of complying with the Nikon Code of Conduct and observing the rules of etiquette in using social media, in addition to paying attention to information management and security. For China, where social media has developed in a unique way, Nikon Holdings Hong Kong Limited, which is promoting CSR and internal audit activities based in Hong Kong as our regional holding company, created original teaching materials suited to the local situation for the China-Hong Kong region.

At each department and each company in Japan and abroad, the compliance facilitators conducted group training and e-learning sessions, and all planned educational activities were completed at 42 companies of the Nikon Group around the world excluding Europe. Since March 2013, we have been fostering compliance education on this topic to Group companies where no such education was previously provided, and we will continue to increase the compliance awareness of new employees across the Group. In the year ending March 31, 2014, we will conduct a survey on bribes to public servants to identify specific risks and create draft policies/teaching materials as a means to prevent their materialization.

VOICE



**Promoting compliance in consideration of the local situation in China**

Gladys Lee  
CSR Manager, Corporate Social Responsibility Section, Nikon Holdings Hong Kong Limited

Since April 2011, following the establishment of Nikon Holdings Hong Kong Limited, I have been supporting CSR promotion activities conducted by Group companies in the China-Hong Kong region. Compliance education is critical to establish the foundation for conducting CSR activities. In cooperation with Nikon Corporation and Group companies in China, we are creating teaching materials suited for the local situation and supporting each company in the region in making their own educational plans. We also conduct compliance awareness surveys. We will expand our activities to other regions in Asia and will at all times foster the fulfillment of CSR in consideration of local cultures and customs.

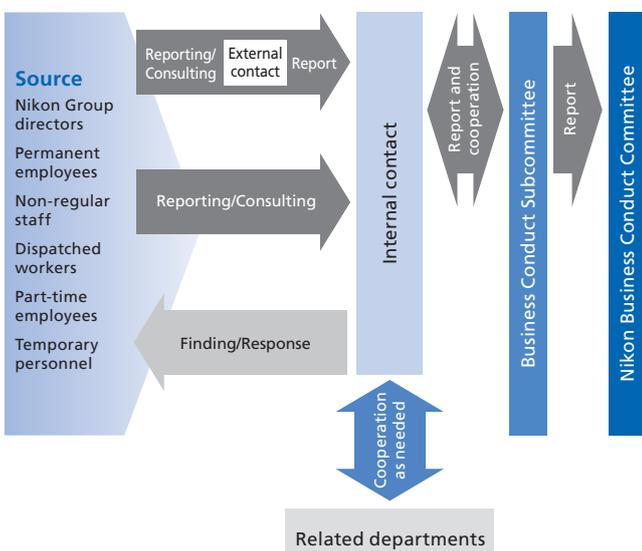
**Stratified compliance education**

In the year ended March 31, 2013, we held a compliance seminar for directors of Nikon Corporation presented by a guest lecturer. After the lecturer talked about changes in laws, regulations, and social expectations in a global business setting as well as the importance of fair trade, participating directors discussed anti-corruption cases. In addition, we provide new employees, including mid-career workers, with necessary compliance training, give individual briefings on compliance issues to new presidents of Group companies, and provide employees to be dispatched overseas with necessary compliance education. Also, specializing in compliance promotion, the members of the Compliance Section attend external seminars in order to stay abreast of the latest trends in compliance.

**Reporting/consulting system**

The Nikon Group established the Code of Conduct Hotline as a central point of contact for employees of the Nikon Group in Japan (including five non-consolidated Group companies). By providing the internal contact (Compliance Section) as well as the

**Code of Conduct Hotline Diagram (Japan)**



external contact route, the Code of Conduct Hotline protects the privacy of its users and ensures that they are not disadvantaged in terms of their treatment or rights. In the year ended March 31, 2013, the hotline was used 41 times to report concerns related to harassment, alleged noncompliance, and others. These issues are addressed and solved by the relevant departments working in cooperation, with follow-up measures also taken as needed.

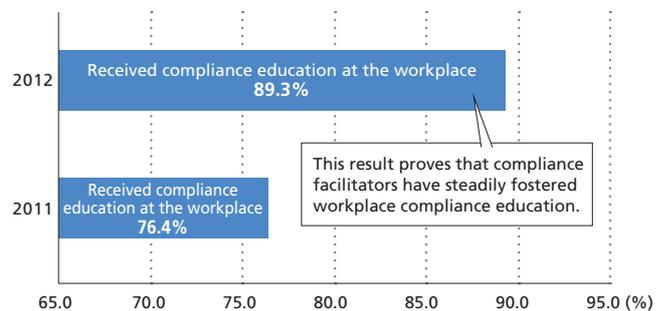
Overseas Group companies also have their own reporting/consulting hotlines. In the year ended March 31, 2013, a new external contact was established for nine Group companies in the Americas, under which an external specialist firm provides local employees with hotline services commissioned by the Group. In China, we conducted an interview-based survey on local Group companies to encourage their employees to make more use of the hotline service.

**Compliance awareness survey**

Every October, the e-learning system is utilized to survey all employees of the Nikon Group in Japan (including five non-consolidated Group companies but excluding the two equity method affiliates) on their awareness of compliance. Because some departments and companies have inadequate access to the Internet, their employees (1,621) were surveyed by the use of hardcopy questionnaire forms. The overall response rate was 89% (13,341/14,916). Data were collected and analyzed without identifying individual respondents and a summary of the results was released on the intranet. Additionally, each department and company was given feedback on its own results. Departments with unfavorable results were directly requested by the Compliance Section to make improvements.

Outside Japan, the second compliance awareness survey, which began in the year ended March 31, 2012, was conducted at 10 Group companies in the China-Hong Kong region. Moreover, in Europe, the first compliance awareness survey was conducted at 32 bases of 17 Group companies in the year ended March 31, 2013.

**Results of the Nikon Group Compliance Awareness Survey Conducted in Japan in October 2012**



**Actions taken against violations**

The Nikon Group takes strict action against all violations of the work regulations and the Nikon Code of Conduct based on its in-house disciplinary rules after investigating and confirming the facts. In the year ended March 31, 2013, disciplinary action against the offender (and their managers/supervisors) was taken in three cases at Nikon Corporation and two cases at Group companies in Japan. In order to prevent the recurrence of similar problems, details of the cases, including the level of disciplinary action, are disclosed internally.

# Respect for Human Rights and Work Environments, and Promoting Diversity in Workforce



Human Rights



Labor Practices



Community Involvement and Development

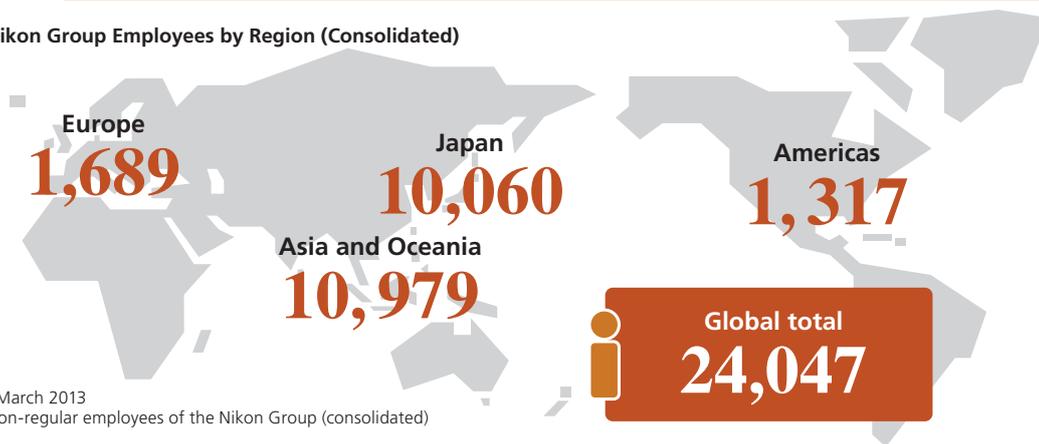
## Targets

- Implement proactive employment activities (raise the number of female employees at Nikon Corporation as a percentage of all employees\*1 to at least 10% by March 2013)
- Implement a pilot mentor system to support the advancement of women in the workplace, and identify any issues
- Commence training on corporate culture aimed at fostering motivation and a sense of unity throughout the entire Nikon Group
- Monitoring surveys at the Nikon Group were conducted targeting 62 Group companies\*2 to identify issues related to human rights and labor practices.
- Re-establish measures to promote diversity<sup>□</sup> in Nikon Group, and publicize them within the Group

\*1 Permanent employees and non-regular staff \*2 Including some non-consolidated Group companies

## PICK UP

### ■ Number of Nikon Group Employees by Region (Consolidated)



\* As of the end of March 2013

\* Permanent and non-regular employees of the Nikon Group (consolidated)

## Promotion of Diversity Activities/Improvements in the Labor Environment

# Respecting Diversity and Human Rights to Provide All Employees with Workplaces Where They Can Fulfill their Potential

### Respect for Diversity

The Nikon Group treats all employees on an equal basis, regardless of race, beliefs, gender, educational background, nationality, religion, or age, respects their individuality and human rights, and provides them with workplaces where they can work with a high level of motivation.

### Diversity Training for Managers

Nikon Corporation has been providing managers with diversity training to develop a common understanding of diversity management. In the year ended March 31, 2013, a total of 258 managers, including general managers, received this training. We will continue to provide managers with this training to create a workplace culture that takes full advantage of diversity.

### Supporting Diverse Work Styles

Nikon Group is developing systems and measures to enable employees to peacefully making the most of their abilities, and producing results as a team. We also strive to manage our employees' working hours in consideration of achieving an appropriate work-life balance.

### Support for work-life balance

At Nikon Corporation, employees can take childcare leave for up to two years and opt to work both flextime and shorter hours to take care of their children and other family members. We have also made it possible for employees to take child or family care leave on an hourly basis.

In 2011, the company obtained approval from the Foundation for Children's Future to make it possible for employees to use discount coupons provided by the foundation. Employees can now use these coupons to receive childcare services at their home, including transportation services to childcare facilities for their children (including infants, until they enter the fourth grade or junior high school in case of those needing special care).

Nikon Corporation provides support that exceeds the legally required standards, and is approved to use the Kurumin<sup>□</sup> Mark. We are steadily making preparations to institute these systems in our Group companies in Japan as well.

In February 2013, Nikon Corporation was selected to be included in the Nadeshiko Brand program by the Japanese Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange in recognition of its measures to support the career development of female employees.

### ■ Number of Employees Taking Childcare Leave

Unit: people

		'09/3	'10/3	'11/3	'12/3	'13/3
Nikon Corporation	Men	1	2	3	4	7
	Women	16	29	21	15	16
Group companies in Japan	Men	0	0	0	1	1
	Women	16	15	28	28	35

\* Permanent employees and non-regular staff, excluding those of equity method affiliates

### ■ Number of Employees Taking Nursing Care Leave

Unit: people

		'09/3	'10/3	'11/3	'12/3	'13/3
Nikon Corporation	Men	2	2	1	1	1
	Women	1	0	1	2	0
Group companies in Japan	Men	2	3	6	1	0
	Women	2	3	5	3	1

\* Permanent employees and non-regular staff, excluding those of equity method affiliates

### Re-entry system

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

### Telecommuting

Nikon Corporation introduced telecommuting systems at those departments with a particularly strong need and continued to run them throughout the year ended March 31, 2013. Nikon Systems Inc. (Japan) has also officially introduced the system. We will maintain the systems in order to increase work efficiency and provide more options for achieving a work-life balance.

### System to support the return of employees who took leave due to illness

Nikon Corporation has a system to support the return of employees who have taken leave due to illness. Under this system, if the employee applies for shorter hours and the company approves the application, he/she will be allowed to work shorter hours or on fewer days for up to three months after returning to work.

Under the same system, the industrial doctor, nurse, staff from the personnel and HR departments, and employee's manager will cooperate to support the employee's return to work, including making a support plan and interviewing the employee on a regular basis.

### Volunteer leave system

Nikon Corporation allows employees to take leave to participate in volunteer activities that the company considers as a valuable contribution to society. Such activities include volunteering at nursing care facilities, participating in cooperation activities conducted by international exchange delegations, and activities to support the recovery of areas affected by natural disasters.

In Japan, Nikon Group established Rules for Activities Supporting Recovery from the Great East Japan Earthquake to encourage employees to perform volunteer work to support the afflicted areas. Employees who participate in the recovery support

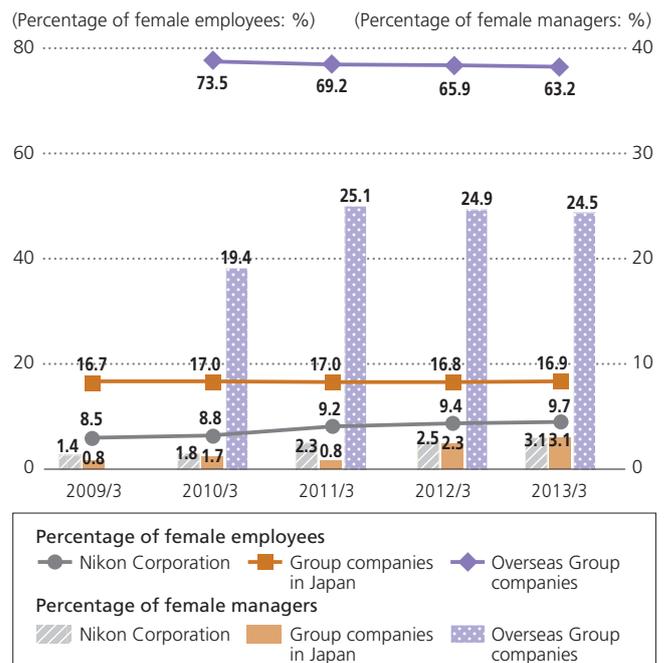
activities mediated or introduced by their companies are granted special leave plus subsidies for their transport and accommodation costs. The Group thus supports the recovery of the afflicted areas through employees' volunteer activities.

## Women in the Workplace

Nikon Group employs and treats its employees equally regardless of gender. In Japan, however, there are still large differences between the numbers of male and female employees and managers. We regard this as a challenge to overcome. Accordingly, in Japan, we are taking measures to help female employees reach their potential as part of our efforts to foster diversity<sup>4)</sup>. For example, we hold self-fulfillment seminars to help female employees develop their skills and build networks. In the seminar held in the year ended March 31, 2013, 44 women participated from Nikon Corporation and 24 from Group companies in Japan, bringing the cumulative total of women who have attended such seminars to 472.

Nikon Corporation has set a target of increasing the rate of women employees to at least 10% of the total number (permanent employees and non-regular staff) by the end of March 2013 and held a recruitment event targeting female engineers. We have been improving the work environment to help employees maintain a better work-life balance and thereby increase the employee retention rate. However, as a result of proactively reemploying retired personnel, however, as of March 31, 2013, the rate of male employees increased and the rate of female employees dropped to 9.7% (10.1% if the number of reemployed was not included in the total number). Subsequently, in April 1, 2013, the rate increased to 9.9% due to efforts made in the year ended March 31, 2013. We will continue to take measures to further increase the rate of

### ■ Percentages of Female Employees and Managers at the Nikon Group



\* Permanent employees and non-regular staff in the Nikon Group (consolidated) Those dispatched to affiliates are counted as employees of the affiliates.

\* The figures for the year ended March 31, 2013 include the figures for the two equity method affiliates.

\* "Managers" means section managers and higher.



female employees. Furthermore, Nikon Corporation has set the target of doubling the number of female managers from 22 as of the end of March 2010 to 44 by the end of March 2015. As of the end of March 2013, Nikon Corporation had 39 female managers.

### Mentor system

Nikon Corporation is fostering the introduction of a mentor system to develop female managers. In the year ended March 31, 2013, we implemented this system on a trial basis for six months targeting eight people (four mentor-mentee pairs), with directors and managers serving as mentors. As a result, problems such as the need to improve the mentors' coaching skills, selection of mentees, and mentor-mentee matching were identified. In the year ending March 31, 2014, we will address these issues and begin a full-scale implementation of the system.

## Maintaining a Diverse Workforce

Nikon Corporation aims to achieve true globalization and diversity<sup>□□</sup> in terms of its human resources as a means to further increase

its corporate value. Therefore, we actively pursue diversity in our recruitment activities in order to continue to provide all employees with a workplace where individuals with different values can draw inspiration from each other and generate synergies.

In the year ended March 31, 2012, Nikon Corporation participated in an employment forum held in Boston (United States) to recruit Japanese students who were studying outside Japan and wanted to join Japanese companies after graduation. As a result, five graduates entered the company in October 2012. In the year ended March 31, 2013, we began participating in similar employment forums in Sydney and Melbourne (Australia) in addition to the one held in Boston. A total of five new hires recruited through the events joined the company in April 2013.

Also, in the year ended March 31, 2013, Nikon Corporation employed a few new graduates in the fall for the first time. This was to allow new graduates to start work not only in the traditional month of April but also in October in consideration of the fact that some people study under educational systems that are different to that of Japan, including Japanese students attending overseas universities.

We also hold events outside the company to provide women

### VOICE



#### Employment in October provides those studying abroad with a great opportunity

Asumi Kojima  
Sales Section, Industrial Equipment Marketing Department, Instruments Company, Nikon Corporation

I graduated from a senior high school in the United States and entered university there. Most universities in the U.S. adopt a two-semester system, in which students graduate in May. I was also studying at one such university. Although I wanted to work for a Japanese company after graduating, I could not look for a job in Japan because I had to attend school. I also had concerns about how to spend the period between graduating in May and starting work with a company in Japan in the following April.

Under these circumstances, I met representatives of Nikon Corporation at an employment forum held in Boston and was able to get a job offer allowing me to start work in the fall, so I had my first day in October, after graduating in May, along with four others who had also graduated from universities outside Japan. My colleagues and I who studied overseas had a greatly benefit by being able to start work in the fall.

### VOICE



#### The reemployment system is indispensable to help employees maintain their health and lifestyle

Nobuyuki Nishizawa  
Administration Section, Administration Department, Business Administration Center, Nikon Corporation

Individual employees have different lifestyles and living environments but the reemployment system is an important option for all those that are planning their post-retirement lives. The system helps us maintain our past relationships with others, stabilize our income, and keep regular hours, and therefore helps us maintain our health.

It is actually quite difficult for retirees to find new jobs and, even if they can, the types of jobs are very limited and the salaries tend to be lower. A lot of employees, including myself, therefore want to keep working for the same company even after reaching the retirement age and so the reemployment system for retirees is very beneficial. I believe it is important to begin thinking about our post-retirement options at an earlier stage in our lives.

## Turnover

Unit: people

		'09/3		'10/3		'11/3		'12/3		'13/3	
		Retirees	Others								
Nikon Corporation	Men	111	50	133	59	154	78	149	70	189	40
	Women	10	8	4	7	3	11	4	10	7	11
Group companies in Japan*	Men	16	81	19	62	42	56	49	66	50	55
	Women	3	39	2	29	1	14	7	31	7	18
Overseas Group companies*	Men	–	–	17	160	17	154	16	191	25	182
	Women	–	–	2	80	10	61	6	93	8	93

\* Permanent employees and non-regular staff, excluding those of Nikon (Thailand) Co., Ltd. and Nikon (Imaging) Co., Ltd.

with more employment opportunities and are proactively working to employ people with disabilities.

## Reemployment System for Retirees

Nikon Group has introduced a 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 year ended March 2013, about 70% of retirees at Nikon Corporation were reemployed and are actively working for Nikon Group. A Life Plan Seminar is also held for employees who will reach retirement age in the following year. Following the revision of the Act on Stabilization of Reemployment of Elderly Persons in April 2013, all employees can now continue working after reaching the retirement age if they wish to do so.

## Supporting People with Disabilities

Nikon Tsubasa Inc., a special subsidiary of Nikon Corporation, was established in 2000 to respond to legal requirements in Japan pursuant to the Act on Employment Promotion etc. of Persons with Disabilities. Its workforce has grown from the initial 10 people with intellectual disabilities to 33 as of March 31, 2013. Supported by experienced staff and instructors, employees are engaged in tasks such as parts processing, packaging, assembly, and document digitization. The company now also accepts orders from outside the Nikon Group. In August 2008, Nikon Tsubasa opened a worksite within the Sagami-hara Plant of Nikon Corporation, where its employees inspect finished glass products. The Nikon Group is striving to give Nikon Tsubasa more work orders.

In terms of the statutorily required percentage of disabled employees, Nikon Corporation, Nikon Tsubasa Inc., Nikon Systems Inc., and Nikon Business Service Co., Ltd. have obtained government approval to calculate the rate as a group, and have achieved the required standard. As for other Group companies in Japan, six of those subject to the Levy and Grant System for Employing Persons with Disabilities in 2011 fell below this standard. These Group companies will strive to meet the standard by employing more people with disabilities with the help of public and private employment agencies.

To gain greater public understanding about the work done by people with disabilities, Nikon Tsubasa held a tour of its workplaces for a total of 254 participants from 31 companies, including Nikon Corporation. Furthermore, Nikon Tsubasa is supporting the social inclusion and work of people with disabilities by accepting 26 trainees from welfare facilities and schools for the disabled.

### ■ Employment Rate of People with Disabilities at Nikon Corporation and Three Group Companies

Unit: %

	'09/3	'10/3	'11/3	'12/3	'13/3
Employment rate	1.98	1.94	1.94	1.98	1.85

\* The rates are as of June 1 of each year.

## Extending Support to Contract Workers

We assign fixed-term workers and dispatch workers to each business department in accordance with our staffing plans and provide them with training as necessary. For dispatch workers, we sometimes switch them to direct employment contracts depending on the nature of the work and their own wishes.

## Global Human Resources Management

The globalization of human resources is one of the Nikon Group's most urgent issues. In the year ended March 31, 2013, we held a Global Human Resources Management Meeting to which we invited HR managers from major countries. At this meeting, an overseas human resource network was built between the human resources departments in each country and participants shared the Group's policies on global HR development. Subsequently, we also created the Nikon Group HR Vision to set common indicators across the Nikon Group to develop global human resources. In this vision, we aim to define the employees that Nikon Group seeks based on our corporate philosophy of "Trustworthiness and Creativities" and to provide the basic guidelines for capacity building and human resource development/evaluation. In the year ending March 31, 2014, we are communicating this Vision within and outside of the Group.

We will continue to foster information exchange between human resources departments in each country and formulate

### VOICE



### Professionals from all over the world share their human resources strategies

Dena House  
Associate Director  
Organizational Development  
Nikon Precision Inc.

I participated in the first Global Human Resources Management Meeting held in Tokyo in November 2012. It provided attendees—all human resources professionals—with a good opportunity to share experiences and success stories and give each other advice face-to-face.

In particular, we were able to proactively exchange opinions on how to secure outstanding employees. It was also quite meaningful for us to share the problems faced and measures implemented by each of the different companies around the world. In small groups, we also analyzed what improvement measures we should implement to increase employee motivation.

Moreover, we discussed leadership. Specifically, we exchanged opinions on the present abilities of Nikon Group leaders and what abilities they should acquire to help the Group survive in the market. Subsequently, we talked about the strategies to be implemented to narrow the gap between the actual and required leadership abilities.

I would like to continue engaging in this new initiative toward the implementation of the strategies formulated at the meeting, while fostering cooperation with members of Nikon Corporation and other Group companies.



measures to ensure that Nikon Group employees will continue to make valuable contributions on a global scale.

**Web** Nikon Group HR Vision  
<http://www.nikon.com/about/csr/employee/hr-vision/>



Employees in charge of human resources participated in the meeting from across the world

## Respect for Human Rights

In the Nikon CSR<sup>□</sup> Charter and Nikon Code of Conduct, Nikon Group commits to respecting human rights. As an advocate and supporter of the international declaration on the protection of human rights, it also participates in the UN Global Compact<sup>□</sup>. We also respect the basic rights of workers and endeavor to maintain a workplace that is free of all kinds of discrimination, harassment, forced labor, and child labor. As a specific example of this effort, in order to provide a work environment where there is no harassment, human rights are protected, and people feel safe, Nikon Precision Inc. (United States) has its own code of conduct, setting policies on the prevention of harassment and the correction of discriminative behavior. In the year ended March 31, 2013, we asked a law firm to analyze the data about the activities conducted by the Group to correct discriminative behaviors and created an action plan based on the findings. Also in our recruitment process, we treat applicants in a fair manner based on set guidelines pertaining to job interviews.

### Human rights education

Nikon Group works to deepen its employees' understanding of human rights through education on the UN Global Compact. The Group provides employees, including those of non-consolidated Group companies, with human rights education through e-learning (Japan), exhibitions and informative emails (outside Japan). In the year ended March 31, 2013, we provided training to employees who had never received such education, including new employees. We will continue to make this effort in the future.

Nikon Corporation provides new employees with human rights education in the initial training they receive after entering the company. This education includes briefings on related issues such as discrimination and harassment. We also hold seminars on human rights on a regular basis.

### Conducting monitoring surveys at Group companies

Since 2010, we have conducted regular monitoring surveys at all Nikon Group companies for global management of human rights- and labor-related issues. These surveys have helped increase employees' awareness of the issues, and cover a broad range of topics related to human rights, labor, and diversity<sup>□</sup>, such as

the advancement of women in the workplace and employment of people with disabilities. They include questions on child and juvenile workers, labor unions, cases of discrimination, welfare systems, and disciplinary actions. The survey results are reported at the CSR Committee and if any problems are detected, additional inspections will be carried out and instructions will be given for corrective action. As of the end of March 31, 2013, no serious problems have been identified through the surveys. Monitoring surveys allows us to understand the real conditions in each country, which would be difficult to assess by simply looking at numerical data. Each company is notified of the results. Through the surveys, we will continue to identify the actual situations of each company in order to provide better working environments globally across the Group.

## Personnel System

Each company belonging to Nikon Group has established its own personnel system based on the Group's basic policy of providing individual employees with a workplace where they can work to their full potential. Nikon Corporation classifies its employees by three levels (Junior Staff, Senior Staff, and Professional/Management) according to their abilities and clearly states their respective responsibilities. When deciding to promote employees to a higher level, the company conducts an examination to check whether they fulfill the requirements of the new level. We also have a dual-track system, namely, a professional track and a management track, where employees are given the opportunity to choose whether to work as a specialist and make use of their unique knowledge and skills or as a manager and exercise their strengths as an organizational leader. Employees who are soon to make a choice between the two can attend career planning sessions and receive career development support. Performance-linked grades are also set for each of the levels to create an environment where work can be performed with a constant awareness of objectives and purpose. In addition, the company has a system under which subordinates meet with their managers to decide on specific targets they will pursue. This system helps employees understand the results of their performance evaluation as well as nurturing and developing their individual abilities.

## Human Resource Development

Based on the following three ability indicators, Nikon Corporation has built a training system linked with its personnel system: target setting and achievement ability; communication ability; and educational ability. It offers a range of educational courses and systems for employees to receive new skills training according to their current level and job description. The available sessions are roughly divided into four types: training by job type, optional training undertaken on a volunteer basis, global training, and career development training. Employees of Group companies in Japan also participate in the training provided by Nikon Corporation. In the year ended March 31, 2013, Nikon Corporation held a total of 163 stratified training and business skills training courses, which were attended by a total of 3,163 employees. In addition, 206 engineer training courses were held for a total of 4,612 employees.

An average Nikon Corporation employee spent 2.66 days in training during the year.

Group companies also implement their own human resource development and training programs.

### Developing our global human resources

In accordance with the globalization of the business environment and expansion of overseas markets, demand for innovative human resources is growing. In response, Nikon Corporation is building an optimal system to develop human resources. In 2010, we introduced the Overseas Foreign Language Training Program focusing on emerging economies. In the first, second, and third rounds of the program, four, three, and one employee, respectively, received training before being dispatched overseas.

For the continuous development of human resources of an international caliber, we also conducted an interview survey across the board to examine the needs for multilingual education. Based on the results, in the year ended March 31, 2013, we launched language training programs in Chinese, Korean, Thai, Russian, Portuguese, and German.

### Supporting career development for self-fulfillment

For the development of the company and its employees, Nikon Corporation deems it important for individual employees to review their own work objectively from a long-term perspective and make their career plans strategically. Accordingly, we hold career training seminars for different age groups. In the year ended March 31, 2013, we held training sessions on five occasions for employees in their 30s (127 in total), six times for those in their 40s (125 in total), and 10 times for those in their 50s (248 in total). In and after the year ending March 31, 2014, in response to the revision of the Act on Stabilization of Employment of Elderly Persons, we will also hold career seminars to help employees make plans for their post-retirement lives and careers well before they actually reach the retirement age of 60.

## Health and Safety of Employees

### Health and safety management system

Nikon Group maintains a set of Policies for Health and Safety to secure the health and safety of its employees—who are the foundation of all its corporate activities—and to remain a vibrant corporation where people can feel safe and work productively. In Japan, in addition to having a statutory health and safety committee, Nikon Group has its own 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 employee health. With members representing both labor and management, the committee works to ensure more employee opinions are incorporated into measures implemented by the company. At all Nikon Corporation workplaces, through consultation with labor and management, 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.

Sendai Nikon Corporation (Japan), Nikon (Thailand) Co., Ltd., and Nikon Imaging (China) Co., Ltd. have been certified for OHSAS 18001, the international standard for occupational health and

safety management systems, since December 2001, September 2010, and January 2013, respectively.

### Policies on Health and Safety for the Year Ended March 31, 2013

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

### Raising health and safety management standards in the Nikon Group

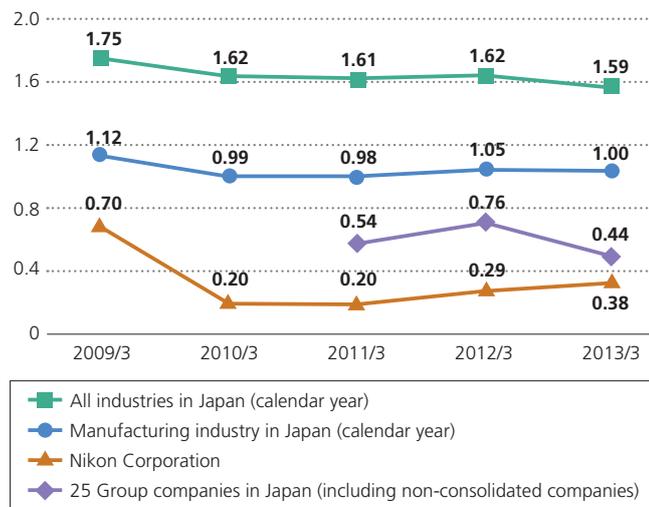
Nikon Corporation is reducing latent risk factors in its workplaces through risk assessments. At Group companies in Japan, various types of training are provided for employees in charge of health and safety, in addition policies and measures related to health and safety are steadily implemented through the Personnel and Administrative Affairs Meeting.

In Japan during the year ended March 31, 2013, we shared the database of information about labor accidents posted on the intranet across Nikon Group to prevent the reoccurrence of similar incidents. This helped Nikon Corporation and Group companies in Japan (including non-consolidated companies) achieve frequency rates of lost time accidents far below the average for the Japanese manufacturing industry. Also in the fiscal year, Nikon Corporation's Mito Plant received an encouragement prize from the Japanese Minister of Health, Labour and Welfare as one of the exemplarily excellent facilities and companies in terms of health and safety standards in recognition of its outstanding safety assurance measures. Nikon Corporation, however, had one serious incident in the fiscal year and, as a result, its severity rate of labor accidents exceeded the average of the Japanese manufacturing industry. We will implement new measures and enhance safety education to reduce the occurrence of workplace accidents.

Group companies outside Japan, such as Nikon GmbH (Germany) and Nikon (Thailand) Co., Ltd., are also implementing health and safety measures, including workplace safety assessments and audits. Nikon Group, however, is facing a need to check its overall health and safety management standards in accordance with an increase in the number of overseas Group bases. We will collect basic health and safety data from overseas Group companies as the first step to meet this challenge.



### Frequency Rates of Lost Time Accidents at Nikon Corporation and Group Companies in Japan



### Severity Rates at Nikon Corporation and Group Companies in Japan

	'09/3	'10/3	'11/3	'12/3	'13/3
All industries in Japan (calendar year)	0.10	0.09	0.09	0.11	0.10
Manufacturing industry in Japan (calendar year)	0.10	0.08	0.09	0.08	0.10
Nikon Corporation	0.00	0.00	0.00	0.00	0.70
25 Group companies in Japan (including non-consolidated companies)	-	-	0.01	0.01	0.01

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

### Supporting the health of employees transferring from Japan to overseas Group companies

For employees that are transferring from Japan to overseas Group companies, we are enhancing the training given prior to their departure and also improving the regular health checkup and follow-up system applicable to them while they are stationed overseas. We also give support to these employees in response to local medical risks through coordination with international medical assistance services and other measures.

### Prevention of excessive work

Nikon Group attributes importance to preventing employees from working overly long hours. At Nikon Corporation, employees are expected to achieve maximum results without working overtime. If they nonetheless need to work longer hours or on holidays, employees must obtain their manager's approval on a case-by-case basis. Employees are also encouraged to take paid holidays in a planned manner, and the flextime system is partially adopted by the company as a means to prevent excessive hours spent at work. Moreover, Nikon Corporation plans to foster measures to prevent health damage caused by excessive work in addition to taking prevention measures and making ex-post responses in a multifaceted manner. Group companies are also taking various measures against excessive work. For example, in the year ended March 31, 2013, Kurobane Nikon Co., Ltd. gave a briefing on working hours to group leaders and employees in higher positions while Nikon Staff Service Corporation reeducated employees on the overtime-related guidelines.

### Mental health care

Nikon Group is fostering mental health care at each of the Group companies. Nikon Corporation has built up a consultation system under which psychosomatic medicine specialists and counselors provide employees incurring mental health difficulties with appropriate advice and instructions. Also, the company offers support to those returning to work after taking leave for mental health reasons, including implementing measures to prevent the aggravation of their illness after their return, based on cooperation between their workplaces, relevant health and safety sections, human resource departments. In the year ended March 31, 2013, Nikon Business Service Co., Ltd. hosted a mental health seminar given by a guest lecturer that was attended by 120 employees from Group companies in Japan, including Tochigi Nikon, which provided the venue for the event. Outside Japan, in the fiscal year, Nikon Nordic AB (Sweden) held a lecture on mental stress targeting all employees and organized a meeting with the participation of the management team and employees. We will continue to hold training seminars for managers in order to prevent employees from suffering mental illness and ensure their health and safety.

### Labor-Management Relations

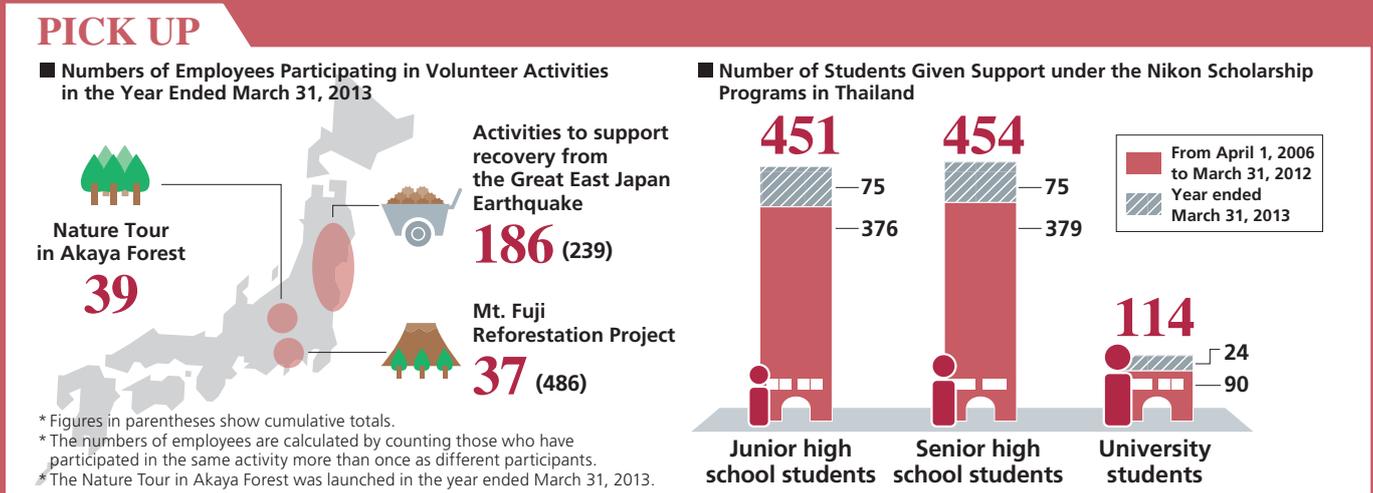
Nikon Corporation has two labor unions, each comprised of Nikon Corporation's regular employees: the Nikon Labor Union (a member of the Japanese Association of Metal, Machinery, and Manufacturing Workers (JAM), which is mostly made up of employees of small and medium-sized companies in the metal industry), and Nikon Chapter of the All-Japan Metal and Information Machinery Workers Union (JMIU). As of March 31, 2013, the Nikon Labor Union has 5,014 members, while the JMIU Chapter consists of six, for a total of 5,020. The company and the unions discuss various issues related to the labor environment, hold joint study meetings, and exchange opinions as necessary. At 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 or through the consultation with an outside labor union to which employees belong. At companies with no labor union, problem solving is facilitated through information sessions held for all employees, discussions with employee groups, or one-on-one talks with individual employees. As a result, labor-management relations at this moment are largely in good condition.

When a substantial change is made to an employee's job, Nikon Group discusses the matter with his/her union or employee representative, obtains their prior approval, and then takes the required time to communicate the change to the employee.

# Co-existence with Society and the Natural Environment



Targets	<ul style="list-style-type: none"> <li>● Positively promote activities supporting recovery from the Great East Japan Earthquake in a way that employees can participate</li> <li>● Establish common themes for the Nikon Group focused on co-existence with society and the natural environment, and promote social contribution activities</li> <li>● Enhance the communication of information on social contribution activities</li> <li>● Establish guidelines for responding in the event of a disaster, and enable each Group company to provide rapid support</li> </ul>
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## Social Contribution Activities

# Fostering Social Contribution Activities through Communication with Society

### Promotion of Social Contribution Activities

The Nikon Group pursues a basic policy under which it proactively engages in social contribution activities and, as a good corporate citizen, contributes toward the realization of a better society. Based on this policy, the Group conducts social contribution activities around the world with an emphasis on five areas: environment, education, contributions to local communities, social welfare, and disaster recovery support.

In the year ended March 31, 2013, Nikon Corporation decided to make donations to support the recovery of victims of natural disasters that hit the United States and the Philippines. Meanwhile, in the China-Hong Kong region, it formulated guidelines to be followed to ensure appropriate and prompt support activities in the event of disasters.

Also, Group companies in Japan established volunteer leave systems to encourage employees to participate in social contribution activities. In the year ending March 31, 2014, we will work to establish a system to encourage all Group employees to participate in social contribution activities.

### Environment

#### Cosponsoring the International Children's Painting Competition on the Environment

Nikon Corporation cosponsors the International Children's Painting Competition on the Environment in partnership 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.

In 2012, the 21st competition was held on the theme "Green communities," and about 630,000 entries were received from around the world. From the entries, 57 were selected as



The award ceremony was held in Rio de Janeiro, Brazil in October 2012. Prizewinners, including Ka Mun Leong from Malaysia (second from left), who won the 2nd Global Prize, were invited to attend.



prizewinners in May of the same year. Nikon Corporation is working to share the children's messages on environmental conservation by holding a panel exhibition of the prizewinning works as well as through other measures.

### Participation in a forestation project

Nikon Corporation is participating in a collaborative project to restore forest biodiversity<sup>□</sup> on the northern foothills of Mt. Fuji as a member of the Mount Fuji Nature Restoration Council organized by OISCA. Under the project, seedlings were planted in an area of 100 hectares over five years. Subsequently, in 2012, an activity to ensure the growth of the young trees was started. The Nikon Group provides support for managing and maintaining the forest and also encourages its employees and their families to volunteer in these activities. In 2012, 37 people from the Group participated in the project, bringing the cumulative total of participants representing the Group to 486.



Volunteers covered the trees with nets to prevent them from being eaten by deer

OISCA is implementing its Children's Forest Program across the world. We give support to this program in Thailand. In June 2012, employees of Nikon Corporation and Nikon (Thailand) Co., Ltd. visited an elementary school in Ayutthaya, where they planted a commemorative tree with the school children.

## Education

### Nikon scholarship programs in Thailand

In 2007, the Nikon Group established two scholarship programs in Thailand, where it has long formed good partnerships through its business activities. Under the Nikon Shanti Scholarship for junior and senior high students, we have supported a total of 1,019



Salisa Narnchaisiri (left) and Chompunoot Wiraseranee (right) worked hard to complete their studies (both graduated in March 2013)

students, including 174 who received the scholarships in the year ended March 31, 2013. In cooperation with Chulalongkorn University, which is one of the oldest and most prestigious higher education institutions in Thailand, under the Nikon Chulalongkorn Scholarship for university students who want to study at graduate schools in Japan, we have given support to a total of five students. As of today, four of the recipients have completed their graduate studies in Japan, including two who graduated from postgraduate courses in March 2013.

### Provision of a program for the Eco Kids Exploring Party 2012

Nikon Corporation provided an original program for the Eco Kids Exploring Party 2012. Held for children during the summer vacation, this event was organized by the Otemachi, Marunouchi, and Yurakucho Eco Kids Exploring Party executive committee. In the program, children searched around the Imperial Palace for flora and fauna specimens with the help of instructors. They photographed their discoveries with compact digital cameras and later set the photos into frames that they had made themselves, thereby creating their own photographic works.



Children explored nature around the Imperial Palace (with instructors from the Nature Conservation Society of Japan)

## Contribution to Local Communities

### Mariners-Nikon Social Responsibility Program

Together with the Seattle Mariners, Nikon Corporation runs the Mariners-Nikon Social Responsibility Program. This program enables children to experience the enjoyment of watching baseball and taking photographs with digital cameras. During the 2012 Major League Baseball (MLB) regular season (from April to October



Commemorative photo taken with a Seattle Mariners player before the start of a game

2012), students from local elementary schools in Seattle were invited to 19 of the Mariner's home games to enjoy the hotly contested matches. In addition, we donated COOLPIX digital cameras to six local elementary schools under the program.

### Activities by Group companies in Japan

Group companies in Japan are engaged in local contribution activities, including cleanups, education support activities, cooperation with welfare organizations, and volunteer activities for disaster-afflicted areas. Miyagi Nikon Precision Co., Ltd. annually gives special classes on the environment at elementary schools in Shiroishi City and Zao Town in Miyagi Prefecture as a member of the Shiroishi Zao Eco Forum. In September and December 2012 and February 2013, the company gave classes on issues concerning global warming, acid rain, electricity, and waste in cooperation with seven other companies participating in the forum and communicated the importance of the natural environment to children.

### Activities by Group companies outside Japan

Overseas Group companies are conducting corporate activities in consideration of the local culture and customs and are engaged in social contribution activities as good corporate citizens. In Thailand in August 2012, employees of Nikon (Thailand) Co., Ltd. participated in a project to deliver lunches made using organic, eco-friendly vegetables to an elementary school in Ayutthaya City. A total of 90 employees supported the project as volunteers, creating greenhouses and cultivating vegetables. In China, four employees of Nikon Instruments (Shanghai) Co., Ltd. visited a child welfare facility in Shanghai City in December 2012 to present desks, chairs, and toys to orphans and spend time interacting with the children. In the United States, three companies—Nikon Inc., Nikon Instruments Inc., and Nikon Americas Inc.—have been supporting the Sunrise Day Camp for children with cancer since the year ended March 31, 2012. Specifically, on the grounds of the camp located in the State of New York (where the three companies are based), the companies jointly held photography classes to let campers experience the fun that can be had with a camera. Moreover, about 100 employees and their families participated in a charity walk event to raise money for the camp.

In the United Kingdom, employees of Nikon U.K. Ltd. participated in a range of charity activities, including the recycling of used clothes, a costume event, and the London Marathon, and also gave support to various organizations such as Macmillan Cancer Support, which supports cancer patients. In January

2013, the company established a volunteer leave system to allow employees to participate more easily in volunteer activities.

### VOICE



### Participating in a volunteer activity as a local employee

Orapin Adisornsuphawatt  
Assistant General Manager  
Corporate Strategy Division (CSD)  
Nikon (Thailand) Co., Ltd.

In July 2012, Nikon (Thailand) Co., Ltd. was selected as one of 10 companies committed to contributing to local communities as a precondition for their sustainable corporate activities by the Ayutthaya office of the Thai Ministry of Industry. Subsequently, in August 2012, we conducted an activity to deliver lunches made using eco-friendly organic vegetables to an elementary school in Ayutthaya, receiving support from the Ayutthaya office of the Ministry. I participated in the activity with 90 other members. We assembled greenhouses and planted vegetables in cooperation with staff from OISCA Thailand. Moreover, we repaired the school hall, which had damaged by flooding in 2011, and interacted with students through games. I was happy to be able to participate in this very meaningful activity and would like to continue participating in local contribution activities to help the company achieve co-growth and co-prosperity with the local community.

## Social Welfare

### Social contribution programs for employee cafeterias and beverage vending machines

In Japan, the Nikon Group participates in TABLE FOR TWO (TFT), an activity that aims to address hunger in developing countries while curbing unhealthy overeating habits in developed countries, thereby mitigating the food gap between countries and helping people lead healthy lives. TFT lunches are offered at the employee cafeterias of six Nikon Corporation plants as well as that of Tochigi Nikon Corporation. At other Group facilities with no cafeterias, beverage vending machines that enable buyers to support TFT are installed. (A part of the proceeds from these machines is donated to support the TFT activity.) We will further increase the number of Group facilities participating in this initiative in the year ending March 31, 2014.

## Supporting Disaster Recovery

### Volunteer activities to support recovery from the Great East Japan Earthquake

In Japan, the Nikon Group encourages employees to participate in volunteer activities to support recovery from the earthquake disaster.

In the year ended March 31, 2013, nearly once a month, employees participated in the removal of debris or improvement of farmland in Miyagi as well as in photo classes held in Iwate. Also, in September 2012, employees seeking to foster communication with local residents participated in festivals held by NPOs, including a flying balloon festival, where they were able to interact with local families and children.



Nikon (Thailand) Co., Ltd. employees participating in the volunteer activity



In the year ended March 31, 2013, a total of 186 employees participated in these volunteer activities, which implies an increase in employee motivation for the activities. We will continue to support the disaster-afflicted areas through these volunteer activities.

VOICE



**Participating in a volunteer activity supported by the company**

Shoko Takabayashi  
General Affairs Section  
Sagamihara Plant  
Business Administration Center  
Nikon Corporation

I joined the company less than a year ago. In the year of the Great East Japan Earthquake, I was busy searching for a job and had no time to work as a volunteer in the disaster-afflicted areas. After joining Nikon Corporation, however, I learned that the company supports employees in volunteer activities and so actually participated in a couple of recovery support programs. In the first activity, I performed physical labor to improve farmland and so had few opportunities to interact with local people. In the second activity, however, I supported the organization of a local festival and, when I saw the smiling faces of local children attending the event, was able to feel that I was making a small contribution to the victims of the disaster. I wish for the earliest possible recovery of the afflicted areas and a bright future for the children and would like to continue supporting people in the areas as a volunteer.

**Assisting Reconstruction through Photography: Photo Book Project for Junior High School Students**

To support the recovery of areas affected by the Great East Japan Earthquake, the Nikon Group has been conducting a range of activities under the slogan, "Assisting Reconstruction through Photography." These activities include the Photo Book Project for Junior High School Students, in which Nikon Corporation donates compact digital cameras and holds photography classes. In these classes, junior high school students create photo books comprising photos they have taken and selected themselves along with their written messages. We hope that through this project we can help junior high school students in the afflicted areas feel more sympathy with others in the areas and move forward in recovering from the disaster. In the year ended March 31, 2013, a total of 46 junior high schools in Iwate, Miyagi, and Fukushima Prefectures and one local school board participated in the project. By March 2013, a total of 3,724 photo books were presented to individual students



Each of the students who participated in the project received the photo books

who had taken part. Also, during the year ended March 31, 2013, Nikon Imaging Japan Inc. held seven photography classes to support photography clubs in 36 high schools located in Iwate, Miyagi, and Fukushima prefectures.

**Supporting the Smile Tohoku Project**

We gave special support to the organization of the Smile Tohoku Project, which is held under the leadership of three newspaper publishers in Tohoku (Fukushima-Minpo, Kahoku Shimpō, and Iwate Nippo). This project is intended to bring smiles to the faces of the people of Tohoku and share their smiles with people across Japan. As part of this project, Nikon Corporation implemented an initiative called "Photo makes Smile." Specifically, via its website and various events held across the country, the company collected photos and messages of encouragement to Tohoku from people all over Japan as well as photos and messages communicating the vitality of Tohoku from people in the region. We were able to show the collected photos and messages to a broad section of the public by holding photo exhibitions in the three prefectures of Iwate, Miyagi, and Fukushima.



A photo submitted to "Photo makes Smile." of the Smile Tohoku Project

**Other Activities**

**Nikon Salon photo galleries**

Nikon Corporation opened Nikon Salon in 1968 to display outstanding photographic works by both amateur and professional photographers regardless of the type of camera used. To this end, the Nikon Salon photo galleries in Ginza, Shinjuku, and Osaka regularly hold exhibitions. From among all the works exhibited each year, we select outstanding photographers to receive the Ina Nobuo Award, the Miki Jun Award, and the Miki Jun Inspiration Award to support the development of photography. In the year ended March 31, 2013, the galleries held a total of 205 photo exhibitions—156 by individuals and 49 by groups.

**Nikon Imaging Centers**

At the Nikon Imaging Centers, which are established within the premises of universities in a total of eight countries across the world including Harvard University and Hokkaido University, a large number of researchers are using leading-edge Nikon microscopy systems to deepen their understanding of the principles of microscopy and explore advanced applications of microscopes. Research conducted using these Nikon instruments is cited in nearly 300 research papers.

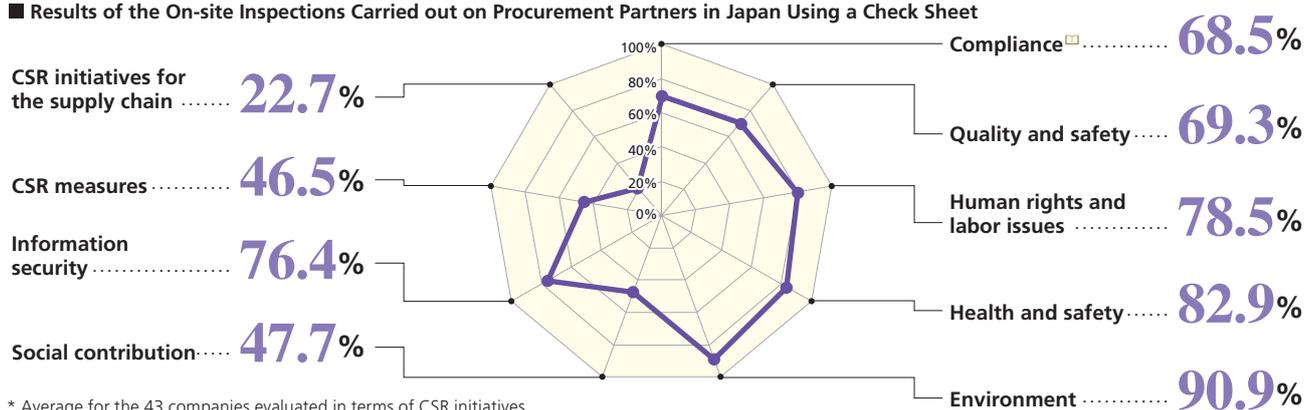
# Promotion of CSR Activities in the Supply Chain



Targets	<ul style="list-style-type: none"> <li>● To promote CSR-oriented procurement activities in supply chains, select procurement partners, and conduct on-site inspections</li> <li>● Verify the results of the conflict minerals survey with individual procurement partners and promote awareness; also conduct ongoing surveys</li> <li>● Conduct environmental management system audits on 150 procurement partners in Japan and overseas</li> </ul>
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## PICK UP

Results of the On-site Inspections Carried out on Procurement Partners in Japan Using a Check Sheet



## Supply Chain Management

# Aiming to Deepen Mutual Understanding and Achieve Co-Prosperity with Procurement Partners through Supply Chain Management

### Basic Procurement Policy

The Nikon Group procures materials from procurement partners in a sincere and fair manner based on the Nikon Basic Procurement Policy. The aim of this policy is to continue providing customers with products that meet their needs while also helping to create a more desirable society and global environment and realizing the sustainable development of our corporation. Based on this policy, we have established the Nikon Procurement Partners' CSR Guidelines to facilitate the fulfillment of social responsibility, including preventing corruption and respecting human rights, along the entire length of the supply chain. In addition, we have also established the Nikon Green Procurement Standards for procuring environmentally friendly parts and materials. If any of our procurement partners has a noncompliance issue, we strictly demand that the partner identify the cause, solve the problem, and implement measures to prevent the reoccurrence of similar problems. In the year ended March 31, 2013, following the revision of the Nikon CSR Charter, we also revised the Nikon Basic Procurement Policy to clearly state that we encourage socially responsible behavior within our supply chain.

<http://www.nikon.com/about/info/procurement/policy.htm>

### CSR-oriented procurement promotion system

In Japan, the Nikon Group has established the Procurement Communication Conference and its subordinate organization, the

CSR Procurement Conference, as cross-organizational councils for the promotion of CSR-oriented procurement. With respect to green procurement, we have also established the Green Procurement Subcommittee and its subordinate organization, the Green Procurement Conference, where we hold concrete discussions and examine, implement, and monitor the progress of policies on green procurement. In addition, we have been participating in the Supply Chain Sub-Committee of the UN Global Compact Japan Network to gain an understanding of the latest trends regarding CSR-oriented procurement activities in supply chains.

### Promoting CSR-oriented Procurement

#### Increasing awareness of procurement partners in Japan

In order to fulfill its social responsibilities in the supply chain, the Nikon Group has gradually fostered CSR activities across the supply chain by holding briefing sessions for procurement partners in Japan, conducting questionnaire surveys on CSR, and interviewing individual procurement partners.

In the year ended March 31, 2013, the CSR Promotion Conference decided to carry out on-site inspections of procurement partners to understand the status of their CSR activities more accurately. Accordingly, after creating the check sheet to be used in the on-site inspections and choosing the specific procurement partners to be inspected, we performed inspections on 43 companies (see PICK UP above). Through these inspections, which



began in September 2012, we identified the differences between the results of the previous CSR survey and the actual situations at the partners (which were caused by their misunderstanding of the survey questions), and were thus able to deepen mutual understanding with them. In the year ending March 31, 2014, we will continue to perform on-site inspections on our procurement partners to foster CSR activities throughout our supply chain.

### CSR-oriented procurement<sup>[1]</sup> overseas

In the year ended March 31, 2013, we examined the measures to be taken for our procurement partners based on the CSR survey results and to this end exchanged opinions with Group manufacturing companies in Asia. However, we were unable to formulate the specific measures within the fiscal year. We also exchanged opinions with CSR managers from Nikon Holdings Hong Kong Limited (Hong Kong) and Nikon Holdings Europe B.V. (Netherlands). These two companies are in charge of CSR for the China-Hong Kong regions and Europe, respectively. In the year ending March 31, 2014, we will foster CSR activities focusing on identifying the challenges to be met in promoting CSR-oriented procurement outside Japan and examining the necessary measures.

### Inclusion of CSR requirements into the basic transaction agreements

Our working group on business agreements regularly reviews the details of the basic transaction agreements to be concluded with our procurement partners. With the aim of eventually carrying out audits of the CSR measures taken by our procurement partners, we will continue examining the inclusion of CSR requirements in the basic transaction agreements as well as the application of the Nikon Procurement Partners' CSR Guidelines, which we now request our partners to follow as the standards to be complied with by them. Through these measures we will further foster CSR-oriented procurement in our supply chain.

## Addressing the Issue of Conflict Minerals

### Basic approach to conflict minerals

The term "conflict minerals" refers to the four minerals — tantalum, tin, tungsten, and gold. These conflict minerals mined in areas of conflict in the Democratic Republic of the Congo and neighboring countries are connected with serious problems involving human rights violations and environmental destruction by serving as a

### Policy on Conflict Minerals

#### Policy on Conflict Minerals

In view of the situation that four minerals (conflict minerals: tantalum, tin, tungsten and gold) mined in the Democratic Republic of the Congo and its neighboring countries are used to finance armed groups, aggravating conflicts, human rights abuses and environmental destruction, Nikon shall not, with the cooperation of our Procurement Partners, use conflict minerals mined or intermediated by armed groups.

#### Operation Policy

We request our Procurement Partners to understand and agree to cooperate with our Policy on Conflict Minerals. Our Procurement Partners are also encouraged to cooperate with the surveys and audits conducted by Nikon and to perform responsible procurement of mineral resources within its supply chain.

\* The above policy is included in the supplement to the Nikon Procurement Partners' CSR Guidelines.

source of funds for armed insurgents. International efforts have been made to resolve these problems and the Nikon Group has also adopted a basic policy of not using conflict minerals mined or intermediated by armed forces. To this end, we conduct surveys on our use of minerals in cooperation with our procurement partners.

### Measures implemented in cooperation with procurement partners

The Nikon Group does not have an obligation to report to the U.S. Securities and Exchange Commission (SEC) because it is not listed on the U.S. stock market. In light of the fact that the issue of conflict minerals involves the serious infringement of human rights, however, we deem it essential to address the issue in order to fulfill our social responsibilities and meet the expectations of our stakeholders<sup>[1]</sup>. Based on this recognition, in December 2011 we revised the Nikon Procurement Partners' CSR Guidelines by inserting a reference to the issue of conflict minerals under the section titled "Respect for Human Beings" and in February 2013 we established our Policy on Conflict Minerals. In the year ended March 31, 2013, we participated in the study group on the responsible procurement of minerals established by the Japan Electronics and Information Technology Industries Association (JEITA) to collect more information about conflict minerals in order to enhance our measures concerning the issue. Furthermore, within Nikon Corporation we formed a project team comprising members from each business department to examine how to conduct surveys on our procurement partners' use of conflict minerals. We then began conducting surveys on both domestic and overseas partners by using a standard survey sheet adopted by the industry. In the year ending March 31, 2014, we will carefully examine the survey results to foster the use of minerals supplied from "conflict-free" refineries (having no relations with armed groups) and discourage the use of conflict minerals mined or intermediated by armed groups.

## Establishment of the Paper Procurement Policy

### Paper Procurement Policy

#### Paper Procurement Policy

Nikon shall procure paper with concern given to biodiversity<sup>[1]</sup> conservation and sustainable use of forest resources.

#### Operation Policy

- 1) In procuring paper, Nikon shall preferentially purchase paper made with concern for the environment based on the following principle:  
We shall preferentially purchase FSC-certified paper or 100% recycled paper (R100).
- 2) In case the paper described in item 1 above is unavailable, we shall purchase the following as a second-best paper:
  - A) Paper certified by a reliable certification system other than the FSC or recycled paper other than R100.  
Ensure that the paper is not obtained from a forest of high protective value, such as those defined as HCVFs or by the FSC; or
  - B) Paper confirmed to be compliant with relevant laws and regulations.  
Raw timber for the procured paper shall be trimmed following an appropriate procedure according to laws pertaining to forests in the country or region where the raw timber is produced.
- 3) We shall avoid purchasing paper materials made by a company deemed to have environmental or social problems in its material procurement and business activities.

### Survey on the use of paper in the supply chain

In the year ended March 31, 2013, we surveyed the use of paper across the Nikon Group and collected information about paper procurement through dialogues with international environmental NGOs and other measures.

Subsequently, in April 2013, we established the Paper Procurement Policy to deal with the issue of biodiversity<sup>□</sup> in association with the destruction of ecosystems and extinction of biological species. In the year ending March 31, 2014, we will strive to procure paper in consideration of the sustainable use of forest resources and will implement the policy more widely across the supply chain.

### Promoting Green Procurement<sup>□</sup>

The Nikon Group has established Green Procurement Standards for procuring environmentally friendly parts and materials, and promotes them along the entire length of the supply chain. In recent years, compliance with regulations on chemical substances in products, such as the European RoHS Directive<sup>□</sup> and European REACH Regulation<sup>□</sup>, has become a key issue and we have worked to enhance our management system. There are strong calls for the management of hazardous chemical substances (chemical substances in products) because of concerns about them being released into the environment at the time of disposal. Managing hazardous chemical substances contained in Nikon products is not easy because the products are manufactured from materials and parts that are procured and manufactured along a complex supply chain. Therefore, the cooperation of our procurement partners is essential. The Nikon Group aims to build a system to manage chemical substances in products throughout its supply chain.

### Establishment of environmental management systems throughout the supply chain

The Nikon Group has been requesting procurement partners since the year ended March 31, 2010 to establish and operate environmental management systems based on the Nikon Green Procurement Standards. Environmental management systems are classified into management systems for environmental conservation and management systems for the use of chemical substances in products. As for the former, not a few of our procurement partners have already established ISO 14001<sup>□</sup>-certified or Eco-Action 21-certified systems in response to a global increase in public environmental awareness. On the other hand, there are few procurement partners who have established the latter systems for the entire process from the purchase of materials to production and quality control. We will pursue further improvements by surveying and auditing our procurement partners' environmental management systems and by supporting them in establishing necessary systems.

### Survey and audit of environmental management systems

The Nikon Group has been conducting surveys and audits on the environmental management systems of its procurement partners since the year ended March 31, 2010. Specifically, we conduct questionnaire surveys on all procurement partners and also carry out on-site audits, certifying those partners whom we find to have outstanding management systems as Nikon Environmental

Partners. We conduct these surveys every three years, with the next survey scheduled for the year ending March 31, 2015. In the year ended March 31, 2013, we surveyed 186 procurement partners of Group companies in Japan and carried out audits of 88 partners in Japan and 35 abroad. In addition, we carried out follow-up audits for 21 procurement partners whom we had audited in and before the year ended March 31, 2012. Moreover, 11 business departments of the Nikon Group performed internal audits to check the status of their own management systems for the use of chemical substances in products. As a result of audits performed in the year ended March 31, 2013, 23 companies were evaluated to have appropriate systems while 81 were asked to make corrections regarding their systems or operational methods. We are also supporting those procurement partners who need to establish or improve their environmental management systems and in the year ended March 31, 2013 we included 19 companies in the support target. Following the recent audits, we newly certified nine companies as Nikon Environmental Partners, bringing the total number of which to 36.

### Auditing environmental management systems

In the year ended March 31, 2013, we tested 79 environmental management system auditors of both domestic and overseas Group companies to confirm that they had the required knowledge and skills to perform the audits. We also created a checklist to clarify the requirements to be met by environmental management system audit leaders, who play important roles in the audits. We will help the leaders enhance their effectiveness by checking the details of their audits and urging them to make improvements based on the checklist. In the future, we will formulate and implement a five-year plan to carry out environmental management system audits on the procurement partners of overseas Group companies.

#### VOICE



#### Enhancement of supply chain management

Jun Daito  
Procurement Planning Section  
Procurement & Facilities Management  
Department  
Business Administration Center  
Nikon Corporation

Supply chain management has become a critical issue for the Nikon brand. I believe we can no longer maintain the value of our brand without the help of our procurement partners. I am engaged in green procurement-related audits targeting not only domestic procurement partners but also overseas procurement partners, whose number has been increasing amid the acceleration of globalization. Through these audits, we are reducing the risks posed by chemical substances used in Nikon products and building favorable relations with the procurement partners to develop better products.

# External Evaluation

## Nikon Corporation's Response to Comments Made by Mr. Toshihiko Fujii in Its Previous CSR Report

Comments made by Mr. Fujii		Nikon's response
1. Business Activities and CSR <sup>□</sup>	It would have been better to report what kind of social issues each business has faced, and how they have each been working to address those issues. I believe that viewing the relationship between CSR and business from a social issue-oriented angle in this manner, rather than a product angle, will give greater clarity to how business contributes to society.	We formulated policies on the issue of conflict minerals and paper procurement, and began implementing measures to address these social issues based on the policies. (→p. 59)
2. CSR Foundation	It is of significant importance that a coordinated system for the promotion of CSR in Europe will be launched. Since I believe that promoting CSR globally necessitates interactivity, namely, the global head office grasping the values of all parts of the world, and reflecting them in its policies and sharing them throughout the organization.	We established a CSR promotion base within our regional holding company in Europe in June 2012 and in December of the same year we held a meeting of the European CSR Committee. We have thus been conducting CSR activities also in that region. (→p. 18) We will establish a CSR promotion system in the Americas as well.
3. Environmental Management	I feel that efforts should be accelerated and even more information should be disclosed regarding biodiversity <sup>□</sup> .	In this report, we refer to the ESR <sup>□</sup> -based analysis and evaluation, and are implementing measures based on the results. (→p. 32) We have also formulated the Paper Procurement Policy. (→p. 59)
4. Compliance <sup>□</sup>	I would like to make the point that the step-by-step approach of implementing first in Japan and then extending to the rest of the world should be avoided as much as possible—this could be said about CSR in general, and not just compliance. For future initiatives, Nikon should consider the importance of planning and developing globally from the point at which they start.	In March 2013, we formulated the Nikon Group HR Vision in consultation with major overseas Group bases. (→pp. 50–51) Also, we are fostering compliance activities in consultation with our regional holding companies in the China-Hong Kong region and Europe. (→p. 45)
5. Labor Environment for Employees	This year's report contains Nikon's efforts for (1) presentation of a global vision for personnel policy, (2) disclosure of information on the treatments for regular and irregular employment, and (3) monitoring of human rights and labor practices. However, not enough progress has been made yet in any of these topics.	As for (2) and (3), we will conduct examinations with a view to disclosing more information in the future.
6. Supply Chain <sup>□</sup>	(1) I believe that Nikon should incorporate both on-site inspections and CSR requirements into its agreements. (2) It is also important that Nikon decide on procedures in the event a problem is identified. (3) I would also like to remark that, even more than within Japan, there is a greater urgency outside of Japan for CSR-oriented procurement <sup>□</sup> .	We will conduct examinations on points (1) and (2) in the future. As for (3), we have begun implementing measures at Group manufacturing companies in Asia and are in the process of analyzing the questionnaire survey results while also examining the possibility of carrying out on-site inspections in the region.
7. Others	As for dialogue with stakeholders, my suggestion for the future is to embark on dialogues with overseas NGOs.	In the year ended March 31, 2013, we held a stakeholder dialogue <sup>□</sup> meeting focusing on matters related to the supply chain, on which we had made great progress in the previous fiscal year. We invited members of international NGOs (WWF Japan and Amnesty International Japan) to attend this meeting.

## Results of the Nikon CSR REPORT 2012 Reader Survey

### Major respondents: Nikon Group employees in Japan (83) and abroad (29)

Comments made by employees	Measures taken in the Nikon CSR REPORT 2013
We are particularly interested in the pages that describe how the Nikon Group contributes to society through its business activities and so it is desirable that more information about the contributions be included in the next report.	We spent more pages introducing our in-house companies from the viewpoint of their relationships with society.
<ul style="list-style-type: none"> <li>● Stakeholder Dialogue: 79% of respondents described it as "Interesting."</li> <li>● Third-Party Comments: 87% of respondents described it as "Interesting."</li> </ul>	We have also included topics sections in this report because over half of the respondents described them both as "Interesting."

### ■ About the Content of the CSR Report

	In Japan	Abroad
Quite understandable	70%	89%
Neither	30%	11%
Not understandable	0%	0%

# GRI Content Index

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

GRI Guidelines		UN Global Compact principles	ISO 26000 core subjects	Corresponding page
<b>1. Strategy and Analysis</b>				
1.1	Statement from the most senior decisionmaker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability <sup>□</sup> to the organization and its strategy.	—	6.2	3, 4
1.2	Description of key impacts, risks, and opportunities.	—	6.2	3, 4, 17, 19, 20
<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: <ul style="list-style-type: none"> <li>• Number of employees;</li> <li>• Number of operations;</li> <li>• Net sales (for private sector organizations) or net revenues (for public sector organizations);</li> <li>• Total capitalization broken down in terms of debt and equity (for private sector organizations); and</li> <li>• Quantity of products or services provided.</li> </ul>	—	—	1, 47
2.9	Significant changes during the reporting period regarding size, structure, or ownership including: <ul style="list-style-type: none"> <li>• The location of, or changes in operations, including facility openings, closings, and expansions; and</li> <li>• Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations).</li> </ul>	—	—	—
2.10	Awards received in the reporting period.	—	—	25
<b>3. Report Parameters</b>				
<b>Report Profile</b>				
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
<b>Report Scope and Boundary</b>				
3.5	Process for defining report content, including: <ul style="list-style-type: none"> <li>• Determining materiality;</li> <li>• Prioritizing topics within the report; and</li> <li>• Identifying stakeholders<sup>□</sup> the organization expects to use the report.</li> </ul>	—	—	15, 17, 25
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	—	—	2, 28
3.7	State any specific limitations on the scope or boundary of the report.	—	—	2, 28
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	—	—	—
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, 32, 38, 39, 40
<b>GRI<sup>□</sup> Content Index</b>				
3.12	Table identifying the location of the Standard Disclosures in the report.	—	—	62, 63, 64
<b>Assurance</b>				
3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s).	—	—	66
<b>4. Governance, Commitments, and Engagement</b>				
<b>Governance</b>				
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	21
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		21
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	1–10		21
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	1–10		21
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		21
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	1–10		21
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	1–10		21
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	1–10		15, 16, 18, 27, 51, 58, 59
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	1–10		18, 21, 27, 28
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	1–10		21
<b>Commitments to External Initiatives</b>				
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	7	6.2	22, 23, 24, 27–44, 45, 46, 52, 53, 58, 59, 60
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	1–10		15, 16, 28, 30
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: <ul style="list-style-type: none"> <li>• Has positions in governance bodies;</li> <li>• Participates in projects or committees;</li> <li>• Provides substantive funding beyond routine membership dues; or</li> <li>• Views membership as strategic.</li> </ul>	1–10		—

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

# GRI Content Index

GRI Guidelines		UN Global Compact principles	ISO 26000 core subjects	Corresponding page
<b>Stakeholder Engagement</b>				
4.14	List of stakeholder groups engaged by the organization.	—	6.2 Organizational Governance	17, 25
4.15	Basis for identification and selection of stakeholders with whom to engage.	—		25
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	—		5, 12–14, 25, 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.	—		12–14, 19, 20, 61
<b>5. Management Approach and Performance Indicators</b>				
<b>Economic</b>				
	Disclosure on Management Approach	1, 4, 6, 7	6.2, 6.8	1
<b>Economic Performance Indicators</b>				
<b>Aspect: Economic Performance</b>				
Core 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	Securities Report
Core EC2.	Financial implications and other risks and opportunities for the organization's activities due to climate change.	7	6.5.5	32
Core EC3.	Coverage of the organization's defined benefit plan obligations.	—	—	Securities Report
Core EC4.	Significant financial assistance received from government.	—	—	—
<b>Aspect: Market Presence</b>				
Add. EC5.	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	1	6.3.7, 6.4.4, 6.8	—
Core 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	58, 59
Core 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	—
<b>Aspect: Indirect Economic Impacts</b>				
Core EC8.	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	—	6.3.9, 6.8, 6.8.3, 6.8.4, 6.8.5, 6.8.6, 6.8.7, 6.8.9	54–57
Add. EC9.	Understanding and describing significant indirect economic impacts, including the extent of impacts.	—	6.3.9, 6.6.6, 6.6.7, 6.7.8, 6.8, 6.8.5, 6.8.6, 6.8.7, 6.8.9	—
<b>Environmental</b>				
	Disclosure on Management Approach	7, 8, 9	6.2, 6.5	15, 16, 18, 27–30, 38
<b>Environmental Performance Indicators</b>				
<b>Aspect: Materials</b>				
Core EN1.	Materials used by weight or volume.	8	6.5, 6.5.4	29, 44
Core EN2.	Percentage of materials used that are recycled input materials.	8, 9		—
<b>Aspect: Energy</b>				
Core EN3.	Direct energy consumption by primary energy source.	8	6.5, 6.5.4	29, 39
Core EN4.	Indirect energy consumption by primary source.	8		29, 39
Add. EN5.	Energy saved due to conservation and efficiency improvements.	8, 9		30, 38, 39, 40
Add. 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		30, 33, 35, 39
Add. EN7.	Initiatives to reduce indirect energy consumption and reductions achieved.	8, 9		33, 41
<b>Aspect: Water</b>				
Core EN8.	Total water withdrawal by source.	8	6.5, 6.5.4	41, 42
Add. EN10.	Percentage and total volume of water recycled and reused.	8, 9		41, 42
<b>Aspect: Biodiversity</b>				
Core 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	31, 32
Add. EN13.	Habitats protected or restored.	8	6.5, 6.5.6	55
Add. EN14.	Strategies, current actions, and future plans for managing impacts on biodiversity.	8	6.5, 6.5.6, 6.8.3	30, 31, 32
<b>Aspect: Emissions, Effluents, and Waste</b>				
Core EN16.	Total direct and indirect greenhouse gas <sup>□</sup> emissions by weight.	8	6.5, 6.5.5	29, 30, 36–41
Core EN17.	Other relevant indirect greenhouse gas emissions by weight.	8		36
Add. EN18.	Initiatives to reduce greenhouse gas emissions and reductions achieved.	7, 8, 9		30, 36–41
Core EN19.	Emissions of ozone-depleting substances <sup>□</sup> by weight.	8	6.5, 6.5.3	—
Core EN20.	NO <sub>x</sub> , SO <sub>x</sub> , and other significant air emissions by type and weight.	8		<a href="#">Web</a>
Core EN21.	Total water discharge by quality and destination.	8		<a href="#">Web</a> , 41
Core EN22.	Total weight of waste by type and disposal method.	8		29, 42, 43
Core EN23.	Total number and volume of significant spills.	8		44
<b>Aspect: Products and Services</b>				
Core 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	30, 33–35
Core EN27.	Percentage of products sold and their packaging materials that are reclaimed by category.	8, 9	6.5, 6.5.3, 6.5.4, 6.7.5	36
<b>Aspect: Compliance</b>				
Core EN28.	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.	8	6.5	41
<b>Aspect: Transport</b>				
Add. 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	36, 41
<b>Aspect: Overall</b>				
Add. EN30.	Total environmental protection expenditures and investments by type.	7, 8, 9	6.5	32
<b>Social Performance Indicators</b>				
<b>Labor Practices and Decent Work</b>				
	Disclosure on Management Approach	1, 3, 6	6.2, 6.4, 6.3.10	15, 16, 18, 19, 20, 47–53, 58–60
<b>Labor Practices and Decent Work Performance Indicators</b>				
<b>Aspect: Employment</b>				
Core LA1.	Total workforce by employment type, employment contract, and region, broken down by gender.	—	6.4, 6.4.3	1, 47–50
Core LA2.	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	6	6.4, 6.4.3	49
Add. LA3.	Benefits provided to full-time employees that are not provided to temporary or parttime employees, by significant locations of operation.	—	6.4, 6.4.3, 6.4.4	47–50
Core LA15.	Return to work and retention rates after parental leave, by gender.	—	6.4, 6.4.4	—

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

GRI Guidelines		UN Global Compact principles	ISO 26000 core subjects	Corresponding page
<b>Aspect: Labor/Management Relations</b>				
Core LA4.	Percentage of employees covered by collective bargaining agreements.	1, 3	6.3.10, 6.4, 6.4.3, 6.4.4, 6.4.5	53
Core 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	53
<b>Aspect: Occupational Health and Safety</b>				
Add. 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
Core LA7.	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.	1		52, 53
Core 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
Add. LA9.	Health and safety topics covered in formal agreements with trade unions.	1	6.4, 6.4.6	52
<b>Aspect: Training and Education</b>				
Core LA10.	Average hours of training per year per employee by gender, and by employee category.	—	6.4, 6.4.7	51, 52
Add. 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	49, 50
Add. LA12.	Percentage of employees receiving regular performance and career development reviews, by gender.	—	6.4, 6.4.7	51, 52
<b>Aspect: Diversity and Equal Opportunity</b>				
Core LA13.	Composition of governance bodies and breakdown of employees per employee 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	48, 59
<b>Aspect: Equal Remuneration for Women and Men</b>				
Core LA14.	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	1, 6	6.3.7, 6.3.10, 6.4, 6.4.3, 6.4.4	—
<b>Human Rights</b>				
	Disclosure on Management Approach	1, 2, 3, 4, 5, 6	6.2, 6.3, 6.3.3, 6.3.4, 6.3.6, 6.6.6	15, 16, 18, 19, 20, 45–46, 47–53, 58–60
<b>Human Rights Performance Indicators</b>				
<b>Aspect: Investment and Procurement Practices</b>				
Core HR2.	Percentage of significant suppliers, contractors, and other business partners that have undergone human rights screening, and actions taken.	1, 2, 3, 4, 5, 6	6.3, 6.3.3, 6.3.5, 6.4.3, 6.6.6	58, 59
Add. HR3.	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	1, 2, 3, 4, 5, 6	6.3, 6.3.5	18, 45, 46, 47, 51
<b>Aspect: Child Labor</b>				
Core HR6.	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	1, 2, 5	6.3, 6.3.3, 6.3.4, 6.3.5, 6.3.7, 6.3.10, 6.6.6	51, 58, 59
<b>Aspect: Forced and Compulsory Labor</b>				
Core HR7.	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	1, 2, 4	6.3, 6.3.3, 6.3.4, 6.3.5, 6.3.7, 6.3.10, 6.6.6	51, 58, 59
<b>Aspect: Security Practices</b>				
Add. HR8.	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	1, 2	6.3, 6.3.5, 6.4.3, 6.6.6	—
<b>Aspect: Assessment</b>				
Core HR10.	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	—	6.3, 6.3.3, 6.3.4, 6.3.5	51, 58–59
<b>Aspect: Remediation</b>				
Core HR11.	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	—	6.3, 6.3.6	46
<b>Society</b>				
	Disclosure on Management Approach	10	6.2, 6.6, 6.8	15, 16, 19, 20, 54
<b>Society Performance Indicators</b>				
<b>Aspect: Local Communities</b>				
Core SO1.	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	—	6.3.9, 6.8, 6.8.3, 6.8.9	—
Core SO9.	Operations with significant potential or actual negative impacts on local communities.	—		44
Core SO10.	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	—	6.3.9, 6.5.3, 6.5.6, 6.8	44
<b>Aspect: Corruption</b>				
Core SO2.	Percentage and total number of business units analyzed for risks related to corruption.	10		23, 45, 46, 58, 59
Core SO3.	Percentage of employees trained in organization's anti-corruption policies and procedures.	10	6.6, 6.6.3	45, 46
Core SO4.	Actions taken in response to incidents of corruption.	10		46
<b>Aspect: Public Policy</b>				
Core 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	5, 15, 16, 26
<b>Product Responsibility Performance Indicators</b>				
<b>Aspect: Customer Health and Safety</b>				
Core 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	5, 26
Add. 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>Aspect: Product and Service Labeling</b>				
Core 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	—
Add. PR4.	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	8		—
Add. 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	5, 25
<b>Aspect: Marketing Communications</b>				
Core 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.



**Toshihiko Fujii**

Visiting Professor  
Graduate School of Economic Science  
Saitama University

### 1. On the Right Track

At the outset of stating my opinion on the Nikon CSR Report 2013, I would like to commend the Nikon Group for having demonstrated considerable progress in both understanding and action regarding CSR. Specifically, I would point to a number of top commitment statements made by President Kimura in the Report, including: “companies will improve their business processes, making them thereby more able to contribute to the solution of social problems,” “as a company, Nikon needs to constantly consider how to help the world reduce its total emissions,” and “Japanese values are not necessarily shared by people in other parts of the world.” These remarks indicate important CSR policies that can be summarized as: (1) social contribution through business process improvement; (2) action as a global corporate citizen; and (3) open-minded attitudes toward non-local values. I believe that these policies are essential elements with regard to the concept of developing business activities globally while simultaneously fulfilling CSR.

Perusing this year’s Report, I am of the firm belief that the Group’s CSR activities are generally advancing on the right track. On the other hand, I would like to point out a lack of speedy action as a major challenge to be tackled. In these comments, my suggestions and advice will be offered with a focus on this issue.

### 2. CSR Foundation

In my comments last year, I emphasized the importance of building a group-wide system for globally promoting CSR involving overseas companies. I would commend Nikon’s efforts made in this area to establish a regional CSR promotion and coordination function in the European headquarters in the Netherlands and, in particular, I would like to give additional credit for introducing the program of selecting CSR coordinators at around 30 bases. This system should work to allow employees in each region to take their own initiative and develop a global system through cross-regional discussions and interactions, which I believe is more effective than the approach of applying the scheme created in Japan to overseas organizations. I am eagerly looking forward to the early introduction of a similar system in the Americas, as planned.

### 3. Expansion and Promotion of Environmental Management

Like the 2012 Report, the 2013 Report effectively describes a variety of activities Nikon has proactively promoted and conducted to protect the environment. Regarding initiatives for biodiversity preservation, a topic I raised last year as an issue to be addressed, I welcome the ecosystem services review (ESR) performed in relation to corporate activities as a significant step taken in fiscal 2013. As a next step, I hope that specific measures will be drawn up based on the results of the review and put into practice in fiscal 2014.

### 4. Respect for Human Rights and Labor Practices, and Promoting Diversity in the Workplace

I believe that global enterprises should develop appropriate systems to create and maintain an adequate workplace environment,

focusing on respect for human rights and labor practices and diversity promotion for the entire group, including domestic and overseas companies, and implement necessary actions globally based on the relevant systems. In my view, Nikon’s initiatives in this area, including holding a dedicated Global Human Resources Management Meeting, sharing policies for developing global human resources, and formulating the Nikon Group HR Vision, comprise a significant first step on the road to future development. I would very much like to see Nikon accelerate and deepen its efforts to advance in this area by utilizing the Group’s wisdom and resources, particularly by sharing information and expanding best practices across the entire Group.

### 5. Co-existence with Society and the Natural Environment

Assisting the sound development of children by offering learning opportunities, extending support to the socially vulnerable, taking measures to protect the natural environment from degradation—these form a vital part of the Nikon Group’s social contribution activities. In my view, the stories of Group companies and employees working as responsible corporate citizens to contribute to the community in their local area—described effectively and with specific details—provide each organization and employee with an opportunity to recognize the valuable roles played by the Nikon Group in society. This, in turn, helps refresh their outlook on the Group and gives them pride in being a member of it.

### 6. CSR Promotion in the Supply Chain

Last year, I provided suggestions and advice for Nikon to promote supply chain CSR initiatives, which are summarized in the following three items: (1) incorporating on-site inspections and CSR requirements into agreements with procurement partners; (2) deciding on procedures in the event of problems being identified; and (3) the urgent need to take measures to promote appropriate CSR activities for overseas supply chains.

I understand that CSR-oriented procurement in practice involves multiple, complex issues, including fair trade rules, and the Nikon Group has been examining possible actions, as outlined in the Report.

However, I cannot help but point out the comparative slowness in taking necessary action. I presume that there have been a number of cases where the Group visited suppliers to inspect their sites and operations only at the request of customers. To replace these customer-driven actions, the Group needs to establish proper principles and systems to ensure the performance of on-site inspections on its own initiative.

### 7. Dialogue with NGOs

Regarding stakeholder dialogues, I give Nikon high marks for inviting Amnesty International and WWF Japan to participate as key panelists. I believe that the success of these communication efforts involving major NGOs will become a strong CSR driver. This is because in promoting CSR activities, it is vitally important to continue dialogues with stakeholders with different values and interests, as I also emphasized last year.

To conclude my comments on the 2013 Report, I would like to reiterate the significant progress the Nikon Group has made, as is clear from the Report. Also, I admit that my suggestions and advice may have been a little too demanding. This is perhaps unavoidable, however, in light of the high expectations and hope for further progress that the Nikon Group inspires.

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



## Independent Assurance Report

To the Representative Director and President of Nikon Corporation

### Purpose and Scope

We were engaged by Nikon Corporation (the "Company") to provide limited assurance on its CSR Report 2013 PDF Version (the "Report") for the fiscal year ended March 31, 2013. The purpose of our assurance engagement was to express our conclusion, based on our assurance procedures, on whether the performance indicators listed in the table below for the period from April 1, 2012 to March 31, 2013 included in the Report (the "Indicators") are prepared, in all material respects, in accordance with the Company's reporting criteria. The content of the Report is the responsibility of the Company's management. Our responsibility is to carry out a limited assurance engagement and to express our conclusion based on the work performed.

- Problems related to product quality or safety
- Energy use and energy use per unit of sales (index), CO<sub>2</sub> emissions and CO<sub>2</sub> emissions per unit of sales (index) from the Company and Group manufacturing companies in Japan
- CO<sub>2</sub> emissions from Group manufacturing companies outside Japan
- Number of cases where water quality exceeded standards and water use by the Company and Group manufacturing companies in Japan
- Number of times when Code of Conduct Hotline was used at the Nikon Group in Japan
- Number of cases of disciplinary action taken at the Company
- Number of employees taking childcare leave and nursing care leave at the Company and Group companies in Japan
- Percentage of female employees and number of female managers at the Company, percentage of female employees at the Group companies in and outside Japan
- Employment rate of people with disabilities at the Company and three Group companies
- Average days of training per year per employee at the Company
- Frequency rates of lost time accidents and severity rates at the Company and Group companies in Japan
- Number and results of the on-site inspections carried out on procurement partners
- Number and results of environmental management systems surveys and audits conducted

### Criteria

The Company applies its own reporting criteria as described in the Report. These are derived, among others, from the Sustainability Reporting Guidelines version 3.1 of the Global Reporting Initiative and Environmental Reporting Guidelines of Japan's Ministry of the Environment. We used these criteria to evaluate the Indicators.

### Procedures Performed

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

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

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

### Conclusion

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

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

*KPMG AZSA Sustainability Co., Ltd.*

KPMG AZSA Sustainability Co., Ltd.  
Tokyo, Japan  
August 2, 2013

# Nikon CSR Report 2013 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, 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

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."

### ■ Bulk transport

The method of conveying goods without packaging or putting them in boxes.

## C

### ■ 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.

### ■ 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 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. It means responding promptly and flexibly to changes in the business environment for the growth of the company and the enhancement of its competitiveness by embracing without bias a range of attributes (pertaining to gender, age, nationality, disability, etc.) as well as the various values and beliefs held by individual employees.

## E

### ■ ECPI Ethical Index Global

An SRI index prepared by ECPI. ECPI is a company engaged in corporate environmental, social, and governance research and has bases in Italy and Luxembourg.

### ■ Electronic manifest

The manifest system was established to prevent illegal dumping of waste. Under the system, companies identify and manage the flow of disposal of their waste by the use of manifests. Electronic manifests are manifests digitized for more advanced and efficient waste management.

### ■ 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

Published by Japan's Ministry of the Environment to provide organizations creating and publishing environmental reports with practical guidance.

### ■ ESR (The corporate Ecosystem Services Review)

A methodology published by the World Business Council for Sustainable Development (WBCSD) for companies to identify their own dependence and impact on ecosystems, and then discover and manage business risks and opportunities. "Ecosystem services" means the life-sustaining benefits that human beings obtain from nature. They are classified into four categories: "provisioning services," "regulating services," "cultural services," and "supporting services."

## F

### ■ FTSE4Good

A series of SRI indices 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 indices are selected from the following three viewpoints: environmental and social aspects and human rights.

## G

### ■ GHG (greenhouse gases)

Atmospheric gases 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 SF6 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

Refers to the procurement of more environmentally friendly materials, parts, and products, and gives preference to highly environmentally conscious suppliers.

### ■ 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 center 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.

### ■ Johannesburg Plan of Implementation

This plan, which was made in 2002, sets out the specific issues to be tackled by governments of each participating country for the achievement of the following target: "By 2020, chemicals are used and produced in ways that lead to the minimization of significant adverse effects on human health and the environment."

## 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

### ■ Law Concerning Special Measure against PCB Waste

Under this law, business operators that have polychlorinated biphenyls (PCBs) in store are required to properly dispose of them by 2016.

### ■ LCA

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

## M

### ■ 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, as well as organobromine compounds, such as specified halons.

## 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, Authorisation 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.

### ■ Rio Declaration on Environment and Development

Declaration composed of 27 principles that was made at the United Nations Conference on Environment and Development held in Rio de Janeiro, Brazil in 1992.

### ■ 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.

### ■ 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 can share information on matters such as 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 the 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.

## Picture on the front cover



1st Prize Global Winner  
Painted by Diana Fan  
(The United States of  
America, 13 years)



2nd Prize Global Winner  
Painted by Ka Mun Leong  
(Malaysia, 14 years)



3rd Prize Global Winner  
Painted by Giovanna Lumy Nori Oda  
(Brazil, 15 years)

Prize-winning work in the 21st International Children's Painting Competition on the Environment, which Nikon organizes jointly with the United Nations Environment Programme (UNEP), the Japan-based Foundation for Global Peace and Environment (FGPE) and Bayer AG (Germany).  
(Theme: "Green Communities")

[Web](#) **Nikon co-sponsors the International Children's Painting Competition on the Environment**

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



**チャレンジ** **Challenge 25 Campaign**  
Nikon Corporation participates in the Challenge 25 Campaign, which is a national campaign to prevent global warming.



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



**NIKON CORPORATION**  
Shin-Yurakucho Bldg., 12-1, Yurakucho 1-chome,  
Chiyoda-ku, Tokyo 100-8331, Japan  
[www.nikon.com/](http://www.nikon.com/)