



Nikon CSR REPORT 2014

PDF Version



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Nikon Group Profile

Corporate Data

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: Kazuo Ushida, President and Representative Director

Established: July 25, 1917

Capital: ¥65,475 million (as of March 31, 2014)

Net Sales: Consolidated: ¥980,556 million (year ended March 2014)
Non-consolidated: ¥716,863 million (year ended March 2014)

Employees: Consolidated: 23,859 (as of March 31, 2014)
*Permanent and non-regular employees of the Nikon Group,
director of Group companies

Non-consolidated: 5,684 (as of March 31, 2014)

*Permanent and non-regular employees, not including Nikon
Corporation's employees temporarily assigned to other companies

Nikon Group's Main Businesses

Precision Equipment Business, Imaging Products Business, Instruments Business, Medical Business, Customized Products Business, Glass Business, Encoders Business, Ophthalmic Lenses Business

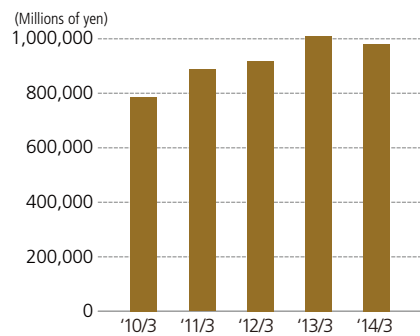
Number of Group Companies by Region (Consolidated)

(as of March 31, 2014)

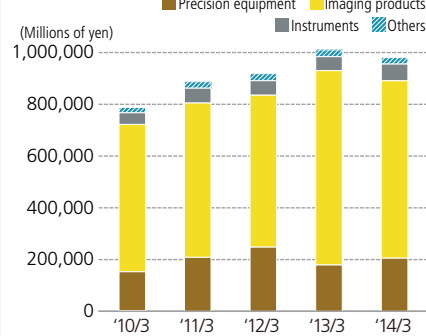
Region	No. of companies
Japan (excluding Nikon Corporation)	15
Europe	26
Asia/Oceania	18
Americas	11

Web Nikon Group Companies
<http://www.nikon.com/about/info/group/>

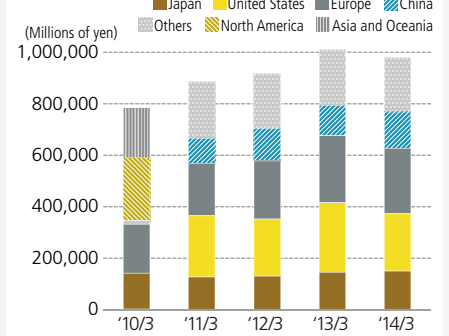
Sales (Consolidated)



Sales Breakdown by Business (Consolidated)



Sales Breakdown by Region (Consolidated)



About CSR Report 2014

The Nikon Group is fully aware that in order to enhance the valued relationship of trust that we enjoy with all stakeholders, it is of vital importance to actively and frankly disclose corporate information.

With respect to our activities in the fiscal year ended March 2014, we have reviewed the existing disclosure methods and reported the activities, principally on our website. In the Nikon CSR Report (PDF version for full report), or this report, we have compiled information as of August 2014, when it was disclosed, for people who read the website pages by printing them out. We have continued to issue the CSR Report Digest version in PDF format.

A report on our activities in Greater China is available in the local version of our CSR report for the Greater China region (simplified and traditional Chinese).

In addition, we are planning to issue the Nikon Report, which provides a wealth of non-financial information, including news about our CSR activities and corporate governance, as well as financial information included in the Annual Report, such as our business performance, strategies, and review of operations.

* For "Social Contribution Activities", only selected leading efforts are posted. Please access our website for further details.

Nikon Website URL

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

Web — Related information is available on the Nikon website.

Reporting period and boundary

This report focuses on the period from April 1, 2013 to March 31, 2014 (the year ended March 31, 2014), and also includes some information about activities conducted in and after April 2014. In this report, "Nikon" refers to the Nikon brand or the parent company only, "Group companies" collectively refers to Nikon Corporation's 70 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 *Sustainability Reporting Guidelines G3.1*, the Japanese Ministry of the Environment's *Environmental Reporting Guidelines(2012)*, and the International Organization for Standardization's *ISO 26000 : 2010—Guidance on Social Responsibility*.

Next edition (plan)

August 2015 (previous edition published in August 2013)

Report production department and contact information

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Message from the Top Management



Three years ahead of Nikon's 100th anniversary, we have unveiled Next 100 - Transform to Grow, the new Medium-Term Management Plan to propel us forward into the next 100 years. We need to reinvigorate the company so that we can continue to grow for another 100 years, in the face of rapid social change and constantly changing markets in the modern world. We therefore intend to share our vision and priorities for Nikon across the entire group, so that we can join forces to take on that challenge. We will continue to reinforce core operations in the imaging products and precision equipment businesses, which have now reached maturity. At the same time, we will be implementing specific growth strategies in the medical and instruments businesses, which we have earmarked as growth sectors. As part of this process, in June 2014 we abolished our in-house company system after a period of around 15 years and established a more agile organizational framework to effectively restructure our portfolio. We are also reforming personnel programs to support our employees, which we regard as our most important resource. Our aim is to create a robust corporate structure by training employees and raising their awareness, and promoting optimum resource allocation by rotating personnel effectively.

CSR-oriented management

Even in the midst of such major changes, we continue to place top priority on CSR-oriented management here at Nikon. As well as outlining our underlying commitment to fulfilling our social responsibilities in the Nikon CSR Charter, we have signed up to and continued to uphold the ten principles set out in the UN Global Compact since 2007, in the fields of human rights, labor, the environment and anti-corruption. We formulated the Nikon Anti-Bribery Policy in April 2014, to explicitly spell out our commitment to fighting corruption at Nikon and to strengthen initiatives accordingly. We intend to promote and roll out activities based on specific targets for each of the group-wide major challenges set out in our Medium-Term Management Plan, namely "expansion and promotion of environmental management," "implementation of compliance activities," "respect for human rights and labor practices, and promotion of diversity in the workforce," "promotion of social contribution activities," and "promotion of CSR activities in the supply chain."

Stakeholders' expectations and Nikon's role

The role that society expects companies to play continues to expand in scope with every passing year. In addition to existing requirements in areas such as performance, quality, costs and delivery, customers and other stakeholders are increasingly keen to know if products have been manufactured and procured in a socially and environmentally responsible manner. They want to know that products were not made under poor working conditions, for instance, and that they will not harm the environment. CSR has become an essential part of all business activities.

The issue of conflict minerals is a prime example. The international community is committed to creating mechanisms to ensure that the procurement of raw materials and components does not violate human rights or damage the environment. We investigate the source of minerals contained in our products throughout the supply chain, so that we can play our part here at Nikon too. Such investigations may not be easy, given the breadth, depth and complexity of Nikon's supply chain, but we are working with our procurement partners and industry organizations to do everything we can.

In May 2014, we announced the establishment of a Nikon scholarship program in Laos, where we commenced operations at a plant manufacturing parts for digital cameras in October 2013. The scholarship program in Laos is just one example of our wide-ranging initiatives. We engage in communication with local communities at all of our facilities, and strive to do our bit for local development as a member of society. We believe that social development is crucial to our sustainable growth as a company.

Establishing promotion systems the world over

Nikon is a global company with operations all over the world. Although we maintain the same group-wide philosophy when it comes to promoting CSR, we assign different priorities and determine effective methods based on factors in each country, including their culture, customs and legal systems. To enable us to share broad policies throughout the group, whilst adapting operations at the local level, we have divided our operations into six regions around the world, and established a regional management and promotion framework revolving around holding companies in each region. We will have a global CSR promotion system in place by the end of fiscal 2014, making it easy for us to share information with all facilities, including those in Japan, and role out training and other such activities.

To understand the expectations of our stakeholders and the public, pinpoint what we need to do as a company, and reflect that in our group-wide activities, we need each and every one of our employees to appreciate the importance of that process. Having established CSR promotion systems in each region of the world, those systems will play an important role in raising awareness amongst employees throughout the Nikon Group.

Creating new value through our business

We want Nikon to be a company that continually provides new value through unique technologies, ideas and solutions, in order to make the world a better place and improve people's lives. In fact, we decided to enter the medical business because we firmly believe that Nikon technologies can cater to as-yet untapped needs in the medical sector.

Another example is climate change. As well as working on energy-saving products in order to reduce environmental impact, we want to come up with new concepts and make the most of Nikon technologies, so that we can do our bit to reduce greenhouse gas emissions throughout society.

It is easier to "create" when you combine various different strengths. Nikon is committed to providing support to enable women to play a greater role in the workplace, which is something of an issue in Japan, and to developing global human resources too. I firmly believe that, if we can harness the potential of each and every one of our employees and combine their wide-ranging strengths, we will be able to create something new and lead Nikon towards sustainable growth in the future.

Approaching our 100th anniversary

Companies exist within society. Ultimately, companies' activities have to make people happy. Companies can only survive if they have earned the public's trust. If they can't create new value, they will struggle to keep on growing. When we decided to enter the medical business, we had our philosophy "Trustworthiness and Creativity" clearly in mind. Here at Nikon, we regard CSR activities as the process of embodying that philosophy of "Trustworthiness and Creativity." As we take our next step towards becoming a company that will still be here in 100 years' time, we remain fully committed to genuinely living up to society's expectations.

August 2014

CSR Promotion Systems Outside Japan

Reinforcing CSR at Group Companies Outside Japan, Revolving Around Regional Holding Companies

Establishing regional CSR promotion systems

Given the heavy weighting of overseas operations in the Nikon Group, in terms of both net sales and employee numbers, it has been increasingly important to develop CSR activities at Group companies outside Japan. Working with different social factors such as cultures, languages, historical backgrounds, and legal systems however, there are limits to how far we can promote CSR in the same way across all countries. In an effort to advance initiatives in a consistent manner that also takes into account regional characteristics, we have put in place systems to enable three holding companies in Asia-Oceania, Europe and the Americas, namely Nikon Holdings Hong Kong Limited (NHH) in Hong Kong, Nikon Holdings Europe B.V. (NHE) in the Netherlands, and Nikon Americas Inc. (NAI) in the US, to supervise and promote CSR in each region.



European CSR Committee meeting in May 2013

Rolling out an integrated regional CSR system globally

The first region to introduce the system was China and Hong Kong. When we established NHH in August 2010, we added CSR promotion as one of its business contents and it began supervising and promoting CSR activities at nine Group companies in the region. We established a Chinese CSR Committee consisting of Group company presidents, with the aim of discussing and making decisions regarding CSR-related matters in the China and Hong Kong region. We also appointed CSR coordinators at each company and began organizing liaison meetings at least once a year. As well as strengthening coordination between NHH and Group companies, these initiatives have provided opportunities to share information among Group companies and improve CSR activities on an integrated regional basis. In the year ended March 31, 2014, our Group company in Taiwan joined as a member and all companies in the region started CSR activities with the name of "Greater China." NHH also started to supervise and promote activities in other parts of Asia (excluding Korea), separately from China, Hong Kong and Taiwan. We also established new CSR sections at our existing holding companies NHE and NAI, and set about rolling out similar systems to Europe, the Americas and Korea in phases. We are planning to establish comprehensive infrastructure for the promotion of CSR in worldwide basis within year 2014.

CSR activities with an emphasis on regional features

What we started as CSR activities in each region is "implementation of compliance activities," that is one of the five priority issues earmarked by Nikon. We conducted employee surveys to gauge the levels of compliance awareness, and also to check the level of CSR awareness and activities in general and employees' sense of belonging. We will also start examining the necessity of regionally standardized code of conduct, as well as education based on the Nikon CSR Charter, the ten principles of the UN Global Compact, and the results of our own employee awareness surveys. Whereas activities such as these are common across all regions, there are significant differences between regions in practical terms, such as approach, speed and point of argument. In Europe, we have formulated a standardized regional code of conduct that includes interpretations specific to conditions within the region. We have also been expanding the contents of activities in line with progress in each region. Having initiated supervision and promotion first in Greater China, this region has now started "promotion of social contribution activities" too. It is sharing information on activities at individual Group companies throughout the region and has started publishing local CSR reports for Greater China every year. Making the most of its expertise from Greater China, NHH has also set out a framework for systematically implementing and reporting social contribution activities in Asia.

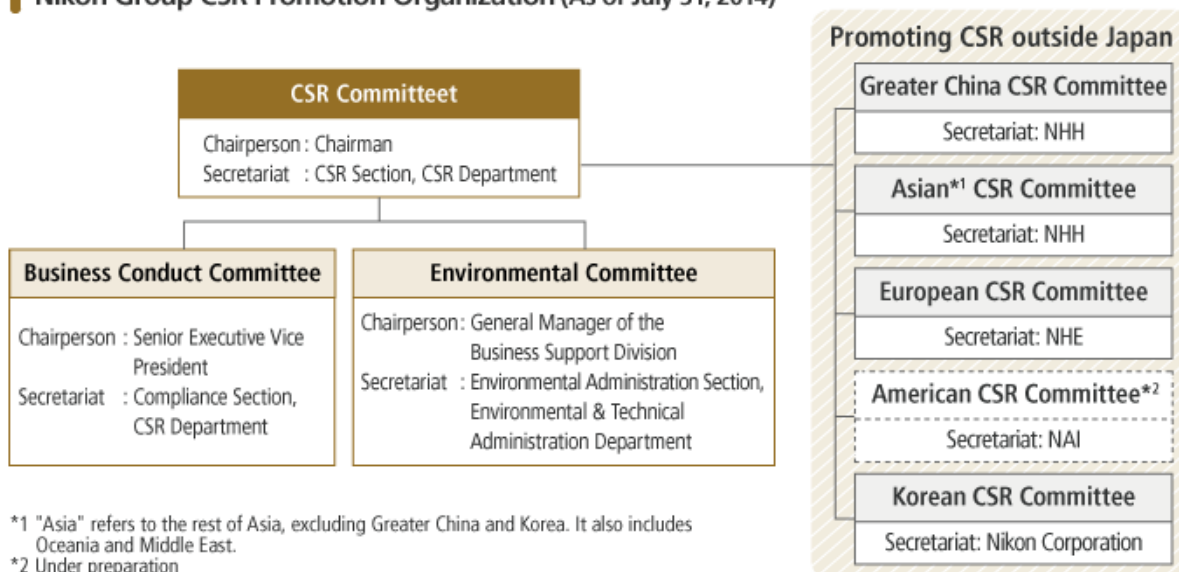
The driving force behind change across the Nikon Group

In the process of promoting CSR activities in each region, there are a number of points that need to be taken into consideration, including differences in languages and legal systems, geographical distances, and varying levels of CSR awareness at individual Group companies. One of the advantages of supervising activities regionally however is that we can handle issues flexibly as they arise and enhance our ability to promote CSR initiatives.

Using these three companies - NHH, NHE and NAI - as a focal point, we are currently stepping up a range of initiatives. In the year ended March 31, 2014, we conducted a Survey on Environmental Activities to obtain insights into environmental impact and progress with environmental activities at non-manufacturing facilities. In the year ending March 31, 2015 meanwhile, we are also planning to focus on education on the newly formulated Nikon Anti-Bribery Policy.

We will continue to coordinate our Group companies in each region, as we keep promoting CSR activities throughout the Nikon Group.

Nikon Group CSR Promotion Organization (As of July 31, 2014)



*1 "Asia" refers to the rest of Asia, excluding Greater China and Korea. It also includes Oceania and Middle East.

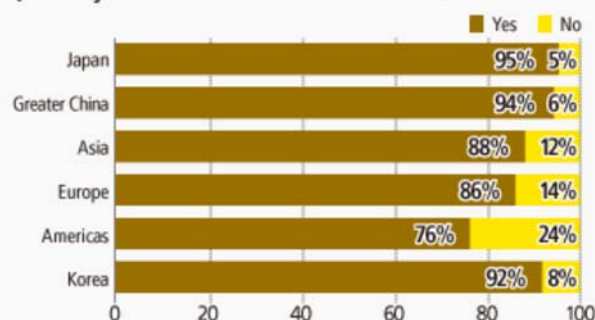
*2 Under preparation

Employee Awareness Surveys

We conduct employee awareness surveys to check levels of awareness amongst employees, to ascertain how well established activities are, and to enable more effective education. Examining results annually also enables us to remind employees of activities and identify issues. As well as conducting our first surveys in Asia, the Americas and Korea, in the fiscal year ended March 31, 2014 we also reviewed questions for each region and compared the survey results among different regions. We will continue to analyze our findings in the future, including regional comparisons and changes over time, which will be reflected in our promotion activities.

Employee awareness survey results

Q: Have you ever read the Nikon Code of Conduct?



Survey overview

Country/region	Surveys to date	Implementation period in year ended March 31, 2014	Respondents
Japan	7th round	December 2013	12,813
Greater China	3rd round	May-June 2013	1,481*
Asia	1st round	May-July 2013	563*
Europe	2nd round	February 2014	1,322
Americas	1st round	December 2013 - March 2014	912
Korea	1st round	January 2014	256

* Surveys at manufacturing companies limited to employees with computer access

Comments from CSR Officers in Each Region

Greater China

Greater China was the first region in the Nikon Group to set up a CSR supervision and promotion system and launch activities outside Japan. In the year ended March 31, 2014, we worked on improving the reporting and consultation system, ahead of other regions. As there are no precedents for any of these activities, it has been a major challenge for NHH. After extensive discussions regarding the direction and contents of our activities however, ideas have gradually taken shape. The results of our third employee awareness survey, in 2013, indicate that levels of CSR and compliance awareness amongst employees are higher than ever before. We are encouraged to know that our understanding of Nikon's CSR activities has been raised amongst Group company employees.



Gladys Lee
CSR Manager, CSR Section,
Nikon Holdings Hong Kong Limited

Asia

The Asia-Pacific is a richly varied and dynamic region. The direction of CSR activities is shaped by the needs and expectations of stakeholders across the region, something that poses a great challenge for NHH. In the year ended March 31, 2014, we focused on laying the foundations to promote compliance and supervise CSR activities, making the most of the experience and practical knowledge we have gained from promoting CSR in Greater China at NHH. The first meeting of the Asian CSR Committee is scheduled to take place during the year ending March 31, 2015. We will continue to further our activities, as we endeavor to establish trusting relationships with stakeholders throughout the region.



Fanny Cheung
CSR Planning Manager,
CSR Section,
Nikon Holdings Hong Kong Limited

Europe

If we were to describe Europe in one word, it would be the word “diversity.” We have created the Nikon European Code of Conduct and rolled out the training, but it has taken considerable time as we have worked with 35 Group companies in 22 countries in 13 languages, with different cultures, customs and regulations. We often face a situation where what works in one country does not work at all in another country. In addition, it is a characteristic of Europe that the general public as well as employees have a rather high level of CSR awareness and they are active in voicing their opinions. It is challenging and yet rewarding to lead CSR projects in Europe.



Ena Okada
CSR Manager, CSR Section,
Nikon Holdings Europe B.V.

Americas

Although we only started CSR promotion activities throughout the Americas in the year ended March 31, 2014, the Group companies have already been working to lay the foundations, by reinforcing compliance and communicating with local communities. The results of an awareness survey however indicated that employees were largely unaware that such activities are meant to embody our philosophy of “Trustworthiness and Creativity.” The survey also indicated that our employees are very proud of the Nikon brand. We intend to strengthen this pride by promoting CSR activities that are rooted in our corporate philosophy.

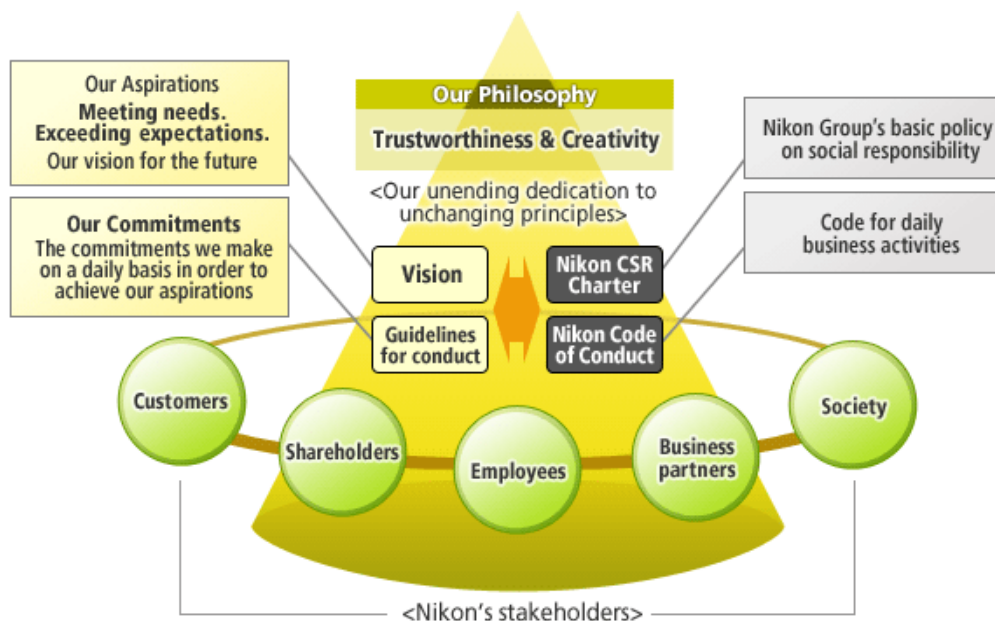


Niro Kaihara
General Manager, CSR Section,
Nikon Americas Inc.

CSR Policy

The Nikon Group has established a basic approach to corporate social responsibilities founded on its 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 the sustainable development of society by responding to the trust that society places in us, and creating new value that exceeds expectations.

Celebrating our 90th anniversary in 2007, and looking ahead to the centenary of the founding of our Company, we have formulated "Our Aspirations" as a vision that looks toward the future, and "Our Commitments" as the policy for realizing this vision through a discussion project involving both top management and employees.

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 guides our behavior in 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. We also take account of related international codes in the pursuit of business activities.

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 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

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.

The 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.

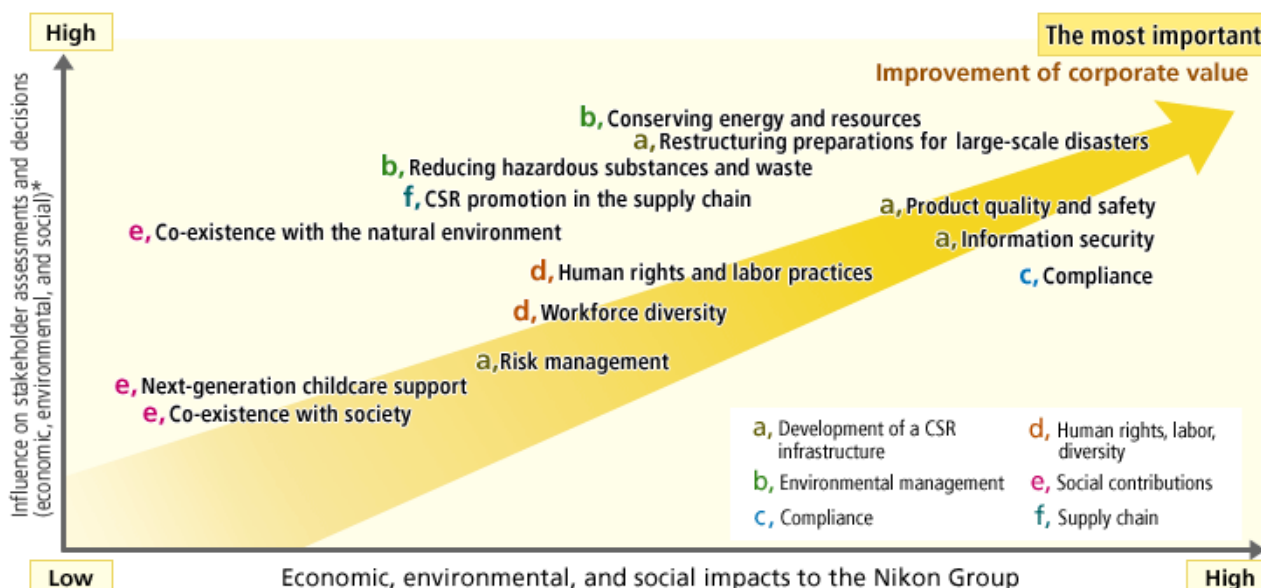
Priority Issues Set Forth in the CSR Medium Term Plan

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

Identifying Priority Issues for CSR

Every year, the Nikon Group identifies priority CSR issues by examining social trends and the expectations of its stakeholders, and carries out activities after formulating a CSR 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, the seven core subjects of ISO 26000, and issues of importance to SRI rating agencies. These are then agreed upon by the CSR Committee as priority issues for the entire Group.

Nikon Group CSR Materiality Map



* Customers, shareholders, employees, business partners, and society

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 adopted five priority items based on general CSR themes, and we establish annual targets for each item. Every half term, we also report the progress on the targets to the CSR Committee for evaluations to make steady efforts to foster CSR activities.

Priority Issues in the CSR Medium Term Plan

(Three year plan from April 2014 to March 2017)

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 labor practices and promotion of diversity in the workforce

Promotion of social contribution activities

Promotion of CSR activities in the supply chain

Dialogue with Stakeholders

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

Major Means of Communication with Stakeholders

Stakeholders	Communication methods
Customers	<ul style="list-style-type: none"> • Call center and service counter <ul style="list-style-type: none"> ↳ Cycle to incorporate Customer Opinions in the imaging products business (P13) • Responses to customers by the departments in charge of sales and services • Sharing information via the website and other methods • Exhibitions, events, etc.
Shareholders	<ul style="list-style-type: none"> • General shareholders' meetings • News releases and public announcements via mass media and other methods • Publishing various types of printed materials including fact books, annual reports, and interim/yearly reports • Sharing information via the website and other methods • Financial results briefings • Responding to inquiries from SRI rating agencies, etc.
Employees	<ul style="list-style-type: none"> • Sharing information via the in-house magazine, the intranet, and other methods • Labor and management conferences, conferences with employee-elected representatives • Reporting/consulting system • Monitoring Group companies and conducting employee awareness surveys on human rights and labor practices, etc.
Business partners	<ul style="list-style-type: none"> • Dialogue through everyday business activities • Inspections of procurement partners' sites and feedback on the results • Briefings and questionnaire surveys for procurement partners • Confirming the establishment of environmental management systems (surveys/audits), etc.
Society	<ul style="list-style-type: none"> • Participation in local events • Cooperation with NGOs and NPOs in social contribution and other activities • Participation in economic and industry organizations • Consultations with governmental agencies, etc.

List of CSR Affiliated Organizations

Organization Name
Global Compact Japan Network
Council for Better Corporate Citizenship (CBCC)
Business Ethics Research Center (BERC)
Conflict-Free Sourcing Initiative

List of Main Cooperating and Supporting Organizations in CSR activities (year ended March 31, 2014)

Organization Name
The Mitsubishi Foundation
Japan Platform
The Japanese Red Cross Society
OISCA
The Nature Conservation Society of Japan
Japan Environment Association
Japan Association for the United Nations World Food Programme
Shanti Volunteer Association

Cycle to incorporate Customer Opinions in the imaging products business

At the Nikon Group, we collect and analyze customer opinions around the world directly through call centers and service centers as well as indirectly through the products sent in for repairs, which tells us the hidden opinions of our customers (for example, the conditions the equipment has been used, etc.)

We hold the meetings to study the opinions both of our general users and professional users collected this way and the results are reflected in product development for future models and improvement in product quality and service business.



Relative Information

› Stakeholders Evaluation (P17)

Introducing the evaluations we have received from external stakeholders.

CSR Promoting System

The Nikon Group has built a structure to promote CSR across the whole Group with the focus on the CSR Committee.

CSR Promoting System

Aiming for the efficient and effective promotion of CSR, the Nikon Group has established the CSR Committee chaired by the chairman, and with members drawn from the Executive Committee. The CSR Committee convenes twice a year to receive reports on progress for all activities, to issue directions for improvement as required, and to take decisions about overall CSR activities. The Business Conduct Committee and the Environmental Committee have also been established as cross-divisional specialist subcommittees to promote CSR while liaising with the CSR Committee.

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 this requirement, we have established our CSR promotion systems outside Japan and set up CSR management and promotion functions at the holding companies in every region. In the fiscal year ended March 31, 2014, we expanded the region where Nikon Holdings Hong Kong Limited manages and promotes CSR by adding Taiwan and other regions in Asia to China and Hong Kong. At Nikon Americas Inc. (United States), we also set up a CSR management and promotion function for the American region. We set up a system to promote CSR in Korea, too. In the fiscal year ended March 31, 2013, we set up a managerial and promotional system for the European region at Nikon Holdings Europe B.V.. As a result, Nikon has now divided its regions of operation into six, and has introduced systems for promoting and managing CSR in each of the six regions.

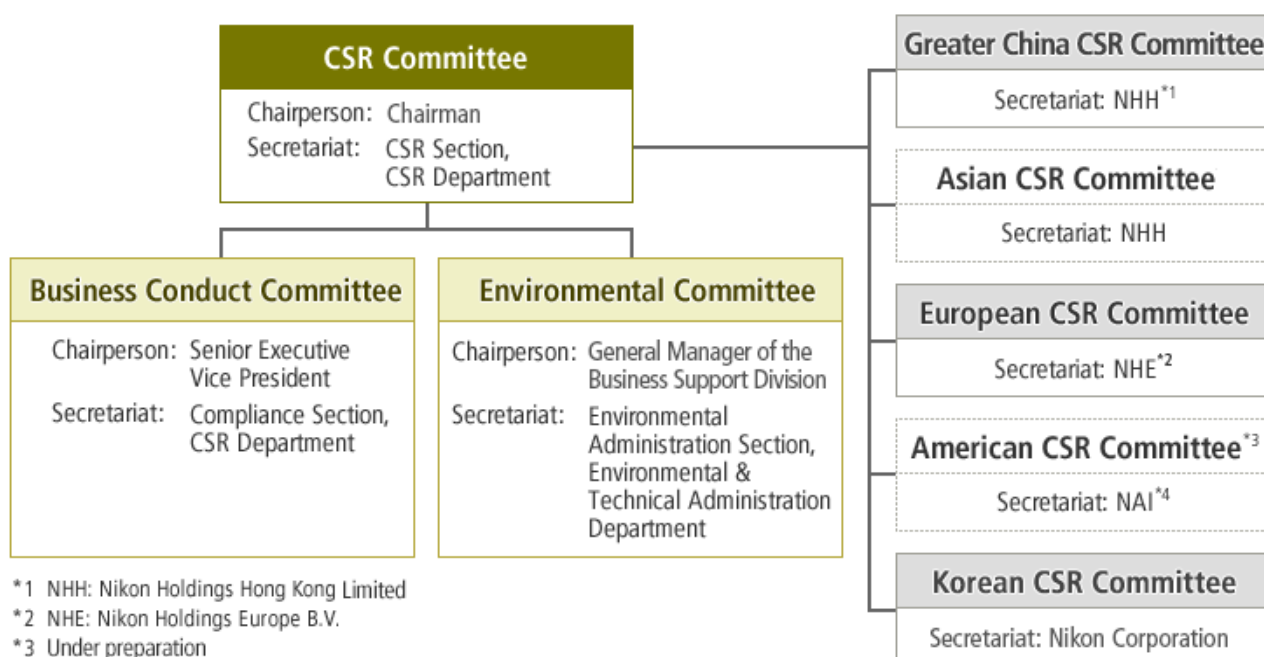


The first liaison meeting of CSR coordinators for the Americas using the online conferencing system

In the fiscal year ending March 31, 2015, we will further improve and strengthen the new CSR management and promotion systems in the Americas and Korea as well as to convene the first CSR Committee in Asia, the Americas, and Korea. In the other regions, we are also tackling education and information transmission in formats that take account of the legal, cultural and social characteristics of every country.

* Greater China refers to China, Hong Kong and Taiwan. The Asia Region refers to Asian countries excluding Greater China and Korea, Oceania, and the Middle East.

CSR Promotion Organization (As of July 31, 2014)



*1 NHH: Nikon Holdings Hong Kong Limited

*2 NHE: Nikon Holdings Europe B.V.

*3 Under preparation

*4 NAI: Nikon Americas Inc.

Approach to UN Global Compact

The Nikon Group agrees with and supports the 10 principles of the UN Global Compact.

› [Global Compact](http://www.unglobalcompact.org/AboutTheGC/index.html) <http://www.unglobalcompact.org/AboutTheGC/index.html>

Major Achievements during the Year Ended March 31, 2014 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 survey of CSR activities for the Group companies. In addition to CSR management and promotion activities by the regional holding companies in the China and Hong Kong, and European regions, launched CSR management and promotion activities in Taiwan, Korea, other regions of Asia, and the Americas.
Human rights/Labor	CSR Charter	CSR Committee	Conducted surveys to monitor human rights and labor in the Group companies.
	Procurement Partners' CSR Guidelines	Procurement Communications Conference	Carried out surveys and on-site inspections relating to CSR procurement at procurement partners
	Policy on Conflict Minerals	Cross-organizational project	Started up a project on the issue of conflict minerals and surveyed procurement partners
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). Conducted a survey of environmental activities at non-production sites outside Japan.
	Green Procurement Standards	Procurement Communications Conference	Conducted surveys and audits of procurement partners related to environmental management systems.
Anti-corruption	Code of Conduct	Business Conduct Committee	Formulated the draft Group policy to prevent bribery after evaluating risks.

Stakeholders Evaluation

Nikon Group is doing its best to keep good communications with its stakeholders and reflect their ideas and opinions in its CSR activities. The following are evaluations by our outside stakeholders.

SRI Index Portfolio (as of June 2014)

Socially responsible investment (SRI) considers not only a company's financial standing and potential for growth but also its social responsibility. There are many SRI mutual funds being managed worldwide.

FTSE4Good Index Series

Since 2004, Nikon has been a constituent of the FTSE4Good Index Series.

FTSE Group, co-owned by The Financial Times and London Stock Exchange, creates and manages the social responsibility investment indices: FTSE4Good Index Series.

- › "FTSE4Good Index Series" website
http://www.ftse.com/Indices/FTSE4Good_Index_Series/index.jsp



Morningstar Socially Responsible Investment Index (MS-SRI)

In September 2010, Nikon Corporation was selected as a member company of Morningstar Socially Responsible Investment Index (MS-SRI).

The Morningstar Socially Responsible Investment Index (MS-SRI) is the first socially responsible investment index in Japan. Morningstar Japan K.K. selects 150 companies from among approximately 3,600 listed companies in Japan by assessing their social responsibility, and converts their stock prices into the index.

- › "Morningstar Socially Responsible Investment Index" Website (Japanese)
<http://www.morningstar.co.jp/sri/index.htm>



ECPI Ethical Index Global

In 2011, Nikon Corporation was selected as a constituent of "ECPI Ethical Index Global" by ECPI. ECPI (Establishment:1997) is a company based in Italy and Luxembourg, and produces research, ratings and indices on companies' ESG (Environmental, social and governance) performance.



Ethibel EXCELLENCE

In October 2013, Nikon was selected for Ethibel EXCELLENCE, which falls under the Ethibel Investment Register investment universe operated by Forum Ethibel. Ethibel Investment Register is an investment universe that consists of companies with high performance in terms of corporate social responsibility.

- › Ethibel Investment Register's website
<http://forumethibel.org/content/home.html>



Other Outstanding Achievements

The year ended March 31, 2014

- › Selected as one of the companies listed in the Nadeshiko Brand 2014 by the Japanese Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange (March 2014) (P96)
- › Nikon Imaging (China) Co., Ltd. received the "Cooperation, Coevolution, Harmony, and Development Award" from the Wuxi Federation of Trade Unions. (January 2014)
- › Nikon Imaging (China) Co., Ltd. was selected as an "Advanced Business Unit for Work Safety in New District 2013" by the Wuxi New District Administration of Work Safety. (January 2014)
- › Nikon (Thailand) Co., Ltd. received the CSR-DIW* Award for Beginners from the Ministry of Industry of Thailand. (September 2013)
- › The COOLPIX S31 compact digital camera and the Nature Scope FABRE won the KIDS DESIGN AWARD 2013. (August 2013)

* DIW stands for Department of Industrial Works.

The year ended March 31, 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. (March 2013)
- › Selected as one of the companies listed in the Nadeshiko Brand by the Japanese Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange (February 2013)
- › 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. (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)
- › 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 (July 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. (June 2012)

The year ended March 31, 2012

- › Received a Prime Minister's Prize of the Fourth Monodzukuri Nippon Grand Award (February 2012)
http://www.nikon.com/news/2012/0206_monodzukuri_01.htm
- › Ranked number 12 in "Japan's Best Global Brands 2012" announced by Interbrand Japan (February 2012)
- › Received the highest ranking in the digital camera category of the "2011 After-sale Service Satisfaction Ranking" in Nikkei Business Publications (July 2011)

Targets and Results for the Priority Issues

Set annual targets for each priority issue shared across the Group in the CSR Medium Term Plan, and evaluate the activities to establish targets that reflect the results and issues for the next fiscal year.

Results for the Year Ended March 31, 2014

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

Priority issues	Targets	Results	Self evaluation
Development of a CSR infrastructure	Provide employee education in a localized manner through regional holding companies outside Japan	<ul style="list-style-type: none"> Implemented region-wide e-learning through regional holding companies in Greater China, Asia, and Europe Also published CSR newsletters on the Intranet in Europe 	○
	Formulate and implement the action plans on CSR promotion systems in the Americas through regional holding companies	Developed a CSR promotion plan for the Americas and gave individual briefings to Group companies in the region. Held the first Americas CSR coordinator meeting in January	○
Expansion and promotion of environmental management	For environment-related results, please refer to this link. ▶ Environmental Action Plan: Results for year ended March 31, 2014 (P44)		—
Implementation of compliance activities	Conduct a survey in the Nikon Group and set the Group policies to prevent the offering of bribes to public officials	Expanded the scope of “bribery” from “bribe offering” to “bribe offering and taking” after conducting risk surveys, and formulated the draft Group policy aimed at prevention	○
	In Group companies outside Japan, conduct compliance awareness surveys, and provide feedback about the results to all surveyed companies through regional holding companies	Conducted surveys of all targeted Group companies outside Japan and provided feedback after aggregate analysis of the responses through the regional holding companies	○
Respect for human rights and labor practices, and promotion of diversity in workforce	Raise the number of female employees (permanent and non-regular employees) as a percentage of all employees to at least 10% (as of March 31, 2014)	The number of male employees increased due to the policy of promoting re-hiring after retirement, but the ratio of female employees joining the company is growing with the ratio rising to 10.01% (as of March 31, 2014)	○
	Start the full-scale operation of the mentor system	Started the full-scale operation of the mentor system, ten groups of twenty mentors/mentees conducted interviews. Held a joint briefing session at the end	○

Priority issues	Targets	Results	Self evaluation
Respect for human rights and labor practices, and promotion of diversity in workforce	Make all employees, both those within and outside Japan, aware of the "Nikon Group HR Vision"	Used the Intranet and internal newsletters etc. to familiarize Nikon Group employees with the HR vision. Used as training materials at the Nikon Group next-generation leader training program	○
	Continue conducting the Nikon Group monitoring survey to identify any issues relating to human rights and labor practices	Collected and analyzed responses from 65 companies in the Nikon Group, including non-consolidated companies, and reported to the CSR Committee. Gave feedback to all Group companies.	○
Promotion of social contribution activities	Encourage employees to conduct volunteer activities in the disaster-affected areas of the Great East Japan Earthquake and make related presentations every month in order to ensure the disaster is not forgotten	Organized 17 rounds of employee volunteer activities. Communicated the situation in the disaster-stricken areas to approx. 22,000 persons at monthly exhibitions at Nikon Plaza Sendai and other venues, including exhibitions of photos for the Photo Book Project for Junior High School Students etc.	○
	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	In the year ended March 31, 2014, the number of participating schools in Fukushima Prefecture increased by three schools. A total of 42 schools and one organization completed photo books in Iwate, Miyagi and Fukushima Prefectures	○
	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	Conducted the first detailed survey of all Group companies. Reported periodically on the activities on the Nikon website or internal newsletter. Also reported locally on the Thai scholarship program on Group company website.	○
Promotion of CSR activities in the supply chain	Continue the on-site inspections (possibly at 40 companies), discuss with outside Japan Group companies CSR-oriented procurement from their procurement partners, and formulate and implement the necessary measures	Conducted on-site inspections at 36 procurement partners in Japan. Outside Japan, we completed the coordination of monitoring with Nikon Holdings Hong Kong Limited and Group companies with a view to standardizing the CSR guidelines	△
	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	Conducted policy briefings for all procurement partners. At the same time, conducted a survey of targeted products and compiled the results for disclosure (retrieval rate 90.5%)	○
	Conduct environmental management system audits on procurement partners and chemicals management system audits within the Group, targeting a total of 150 sites	Audited environmental management systems at 150 businesses	○

* Greater China refers to China, Hong Kong and Taiwan. The Asia Region refers to Asian countries excluding Greater China and Korea, Oceania, and the Middle East.

Set annual targets for each priority issue in the CSR Medium Term Plan, and evaluate the activities to establish targets that reflect the results and issues for the next fiscal year.

Targets for the Year Ending March 31, 2015

Priority issues	Targets
Development of a CSR infrastructure	Hold the first CSR Committee meeting in Asia, Americas and Korea, complete infrastructure development for CSR promotion in all regions (Americas, Europe, Asia and Oceania, Japan)
Expansion and promotion of environmental management	For environment-related targets, please refer to this link. ▶ Environmental Action Plan: Targets for year ending March 31, 2015 (P46)
Implementation of compliance activities	Thoroughly familiarize the entire Group with the Nikon Anti-Bribery Policy through the CSR departments at the regional holding companies, and the compliance facilitators, by using e-learning etc.
	Reflect the results of global awareness surveys in the promotional activities at all departments and companies and establish annual PDCA cycles
Respect for human rights and labor practices, and promotion of diversity in workforce	To achieve a 5% ratio for women in management positions at Nikon Corporation (as of March 31, 2017) <ul style="list-style-type: none"> • Reinforce measures to support employees after they return to work and during maternity leave/childcare leave • Examine and implement leadership training • Continue the mentoring system
	Continue to conduct monitoring surveys at the Nikon Group <ul style="list-style-type: none"> • To understand the present situation for human rights and labor practices issues • To make improvements when problems are discovered • To raise awareness of human rights and labor practices that comply with international standards in the whole Group
Promotion of social contribution activities	<ul style="list-style-type: none"> • Start up scholarship programs Laos
	<ul style="list-style-type: none"> • Continue support of junior high school students, employee volunteers, and activities at Nikon Plaza Sendai as part of the Great East Japan Earthquake reconstruction efforts
	<ul style="list-style-type: none"> • Conduct and analyze a survey of social contribution expenditure of the Group companies
Promotion of CSR activities in the supply chain	<ul style="list-style-type: none"> • Conduct a survey by narrowing down targets for a place-of-origin survey for conflict minerals • Implement in-house training with the aim of establishing voluntary survey methods and systems in the Year Ending March 31, 2016
	Standardize CSR guidelines and conduct monitoring to verify the standards (several companies including outside Japan)
	Audit environmental management systems at 80 sites (Target: 60 companies in Japan/ 20 companies outside Japan), and train audit leaders

Quality Control

The Nikon Group provides products and services based on the concepts of customer focus and priority on quality.

Quality Control for Products and Services

Policies and systems for quality control

The Nikon Group has stipulated the following Basic Quality Policy.

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.

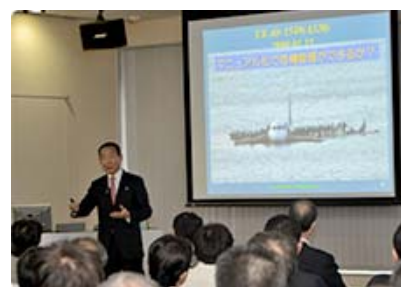
In order to implement the Basic Quality Policy, the Nikon Group has established the Quality Control Directive (QCD) as its basic rules on quality control. As a result, we will familiarize everyone across the whole Group with the basic matters that are vital to quality control and specific operational methods at all stages, from product planning to research and development, manufacturing, sales, warranty services and disposal, 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 Quality Policy. The committee also strives to improve the quality control systems and conducts regular reviews to ensure efficient operations of the systems.

ISO 9001 certification and consistent compliance with the "Quality First" policy

The Nikon Group conducts business operations in line with its Quality Manual based on the QCD or ISO9001, and the Nikon Corporation business divisions and major Group companies acquire ISO9001 certification as necessary. We also conclude quality assurance agreements with our business partners based on their understanding of the Nikon Group's "Quality First" policy. Moreover, every year, our business partners participate in Quality Month lectures, which we organize so that employees of both the Nikon Group and our partner companies can improve their quality-related skills. In the year ended March 31, 2014, we invited Mr. Toshio Tsukahara from the Japan Institute of Human Factors to Nikon Corporation's Oi Plant to speak. His lecture, on quality and the human factor - quality by people for people - was attended by 54 directors and employees of the Nikon Group as well as 97 employees of the Group's business partners.



A Quality Month lecture held with the participation of business partners (given by Mr. Toshio Tsukahara of the Japan Institute of Human Factors)

Quality control audits

Quality control audits based on the QCD are conducted under the responsibility of the chairperson of the Quality Control Committee (the executive officer in charge of quality control). In the audits, the quality control activities conducted at Nikon Corporation and Nikon Group companies are inspected, checked, and evaluated to help the companies improve the quality of their business operations, as well as the quality of their products. The audited companies are required to make corrections and improvements, and any shortcomings found in the audits should be rectified for more appropriate quality control activities. Important findings are reported to the Executive Committee and are also used to improve internal controls. In the year ended March 31, 2014, quality control audits were performed at five departments in Nikon Corporation and at five 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 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, 2014, we published 50 test reports collating the results of the various tests that were conducted.

Information Disclosure in Case of a Safety-Related Problem

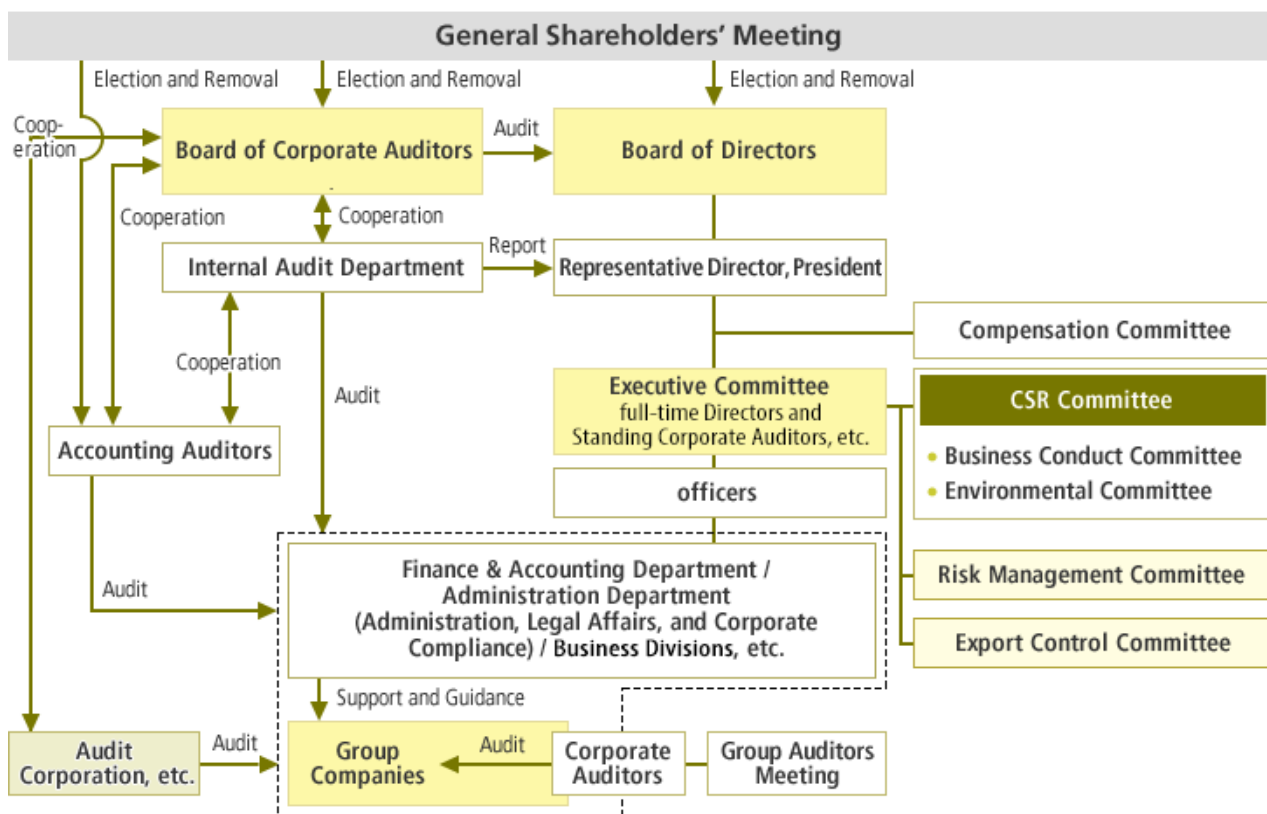
If a problem with product safety or quality arises, information is disclosed to customers as soon as possible and countermeasures are taken immediately after thorough investigations into the matter.

Corporate Governance Organization

Management System

The Nikon Group carries out business through divisional organization under the direct control of the president. We have also established a management system that responds swiftly to changes in the business environment through our officer system. Furthermore, under a results-based evaluation system, we evaluate and confirm performance, thereby strengthening the relationship between performance and remuneration.

Nikon's Corporate Governance Organization (as of June 27, 2014)



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 the supervisory functions of the Board of Directors.

The Executive Committee deliberates on and resolves major issues regarding the general operation of Company business, internal controls, and management, in accordance with the basic management policies as determined by the Board of Directors. This body also receives reports from each department regarding critical matters.

Compensation Committee

The Compensation Committee, which includes experts from outside the Nikon Group, was established to enhance the objectivity and transparency of matters related to compensation of directors, officers and corporate auditors 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, officers and corporate auditors and other related systems.

Compensation for Directors and Corporate Auditors (Year ended March 31, 2014)

Category	Monthly compensation		Subscription rights to shares granted as stock-related compensation		Bonus		Total	
	Number of persons	Amount of compensation	Number of persons	Amount of compensation	Number of persons	Amount of compensation	Number of persons	Amount of compensation
Directors (External Directors out of all Directors)	10 (2)	303 million yen (20 million yen)	8 (-)	104 million yen (-)	8 (-)	80 million yen (-)	10 (2)	487 million yen (20 million yen)
Corporate Auditors (External Corporate Auditors out of all Corporate Auditors)	5 (3)	81 million yen (30 million yen)	-	-	-	-	5 (3)	81 million yen (30 million yen)
Total	15	384 million yen	8	104 million yen	8	80 million yen	15	568 million yen

Compensation for Corporate Auditor (Year ended March 31, 2014)

Accounting Auditor	Category	Payment
Deloitte Touche Tohmatsu LLC	Total amount of remuneration, etc. of Independent auditor during the fiscal year under review	87 million yen
	Total amount of money and other properties which the Company and its subsidiaries must pay in remuneration of independent auditor for its services to the Company and its subsidiaries during the fiscal year under review	165 million yen

Board of Corporate Auditors

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. Two independent external corporate auditors are also invited to Board of Corporate Auditors.

Diversity of Directors, Corporate Auditors, and Officers of NIKON CORPORATION
Females: 0, Non-Japanese: 0

Attendance at Meetings of the Board of Directors and Board of Corporate Auditors by External Directors and External Corporate Auditors (year ended March 31, 2014)

Category	Name	Attendance at Board of Directors	Attendance at Board of Corporate Auditors
External Directors	Kenji Matsuo	Present at 12 of 13 meetings	-
	Koukei Higuchi	Present at 12 of 13 meetings	-
External Corporate Auditors	Susumu Kani	Present at 13 of 13 meetings	Present at 8 of 8 meetings
	Haruya Uehara	Present at 12 of 13 meetings	Present at 8 of 8 meetings
	Hiroshi Hataguchi	Present at 13 of 13 meetings	Present at 8 of 8 meetings

* Mr. Susumu Kani resigned from the position of corporate auditor as of June 27, 2014.

Internal Control System

Basic Policy on Internal Control System

The Nikon Group's basic policy on its internal control system was established based on Japan's Companies Act and its Ordinance for Enforcement (enacted May 2006) as a structure for ensuring appropriate business operations.

▶ [Basic Policy on Internal Control System \(P29\)](#)

Structuring of Responsibility and Authority

Nikon Corporation has created Rules Governing the Authority of the Organization and Personnel, which clearly define the structure of authority for each post and organization. Furthermore, by implementing control and guidance of all Group companies in line with the Decision and Reporting Rules for Subsidiaries and the Decision Standard for Subsidiaries, we strive to perform duties efficiently and in an organized manner.

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 reported to the Executive Committee after approval by the President, the Internal Audit Department audits the Nikon Group's systems and their operational 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 appropriately managed. It also makes recommendations as to how such operations can be improved.

The Internal Audit Department also presides over the evaluation of company-level controls and process-level controls of the Nikon Group, where the Internal Control Reporting System stipulated under the Japanese Financial Instruments and Exchange Act (J-SOX) is applied.

Furthermore, from the viewpoint of the Companies Act, the department evaluates the effectiveness of compliance structures and risk management structures as the internal audit function under the internal control system.

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). Each of these sections performs audits and J-SOX evaluations of their local companies from an independent standpoint, supervised by the Internal Audit Department of Nikon Corporation. Under this globalized internal audit system, which covers four world regions including Japan, we will work to implement even more effective audits on a global scale.

The internal audit reports for the whole Nikon Group are submitted to the President and the directors concerned and follow-up or additional surveys are to be conducted as appropriate in line with the content. A summary of the results of the annual audit activities is submitted to the Executive Committee.

The internal audit reports are also submitted to corporate auditors. The Internal Audit Department and the corporate auditors have regular meetings 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 as of April 2008 with the aim of ensuring the credibility of financial reporting. The Nikon Group 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 all consolidated subsidiaries of the Nikon Group as well as equity-method affiliates. 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 and outside Japan, as required by the law. We annually review our business operations based on the evaluation results.

Since the fiscal year ended March 31, 2012, we have worked on the "simplification of the evaluation process." For example, in

the year ended March 31, 2014, we endeavored to optimize evaluations by adopting biennial or other rotational evaluations for some business processes and carrying over the evaluation results from the previous fiscal year in line with the intent of revisions to the related regulations. We will also strive to establish more efficient operational methods to further reduce the burden of conducting evaluations while maintaining the effectiveness of our financial reporting and major process-level internal controls.

The Nikon Group is also working toward a sustainable internal control system. In the fiscal year ended March 31, 2014, we introduced a system of internal qualifications certification for the evaluators required for the internal control of the business processes, improved credibility by recognizing the qualifications of evaluators who meet a certain standard, and worked on HR training.

Basic Policy on Internal Control System

Based on the Japanese Companies Act and its enforcement regulation, enacted as of May 2006, we have resolved the "Basic Policy on Internal Control System" at the Board of Directors, and prepared a framework to ensure fair business activity as outlined below.

Basic Policy

(Amended on June 27, 2014)

We believe that the reinforcement of our company's corporate governance plays a pivotal role in achieving "a fair and transparent management deserving of stakeholders' confidence", and we intend to increase its effectiveness by improving the quality of our internal controls. We acknowledge that the achievement of effective and efficient business processes, the accuracy of financial reports, the compliance with relevant laws and regulations, and the preservation of company's assets are the management's responsibility. Accordingly, we will prepare and refine a framework, including our internal regulations as well as our organization, to ensure fair business activity in compliance with the Japanese Companies Act and relevant regulations.

1. A framework to ensure that performance of a director's or an employee's duty is in compliance with relevant laws and the articles of incorporation

1. We have established the "Nikon CSR Charter", which shows Nikon Group's basic stance on corporate social responsibility. Additionally, the "Nikon Code of Conduct" defines the standards of behavior to ensure sensible conduct by directors and employees, based on a high level of morality, pursuant to relevant laws and internal regulations.
2. Putting special emphasis on a social responsibility-oriented management, we established the "CSR Committee", which aims at fostering, educating as well as disseminating CSR awareness. Established as its sub-committee, the "Business Conduct Committee" regularly performs its function to ensure legitimate, fair, and sound corporate behavior. Finally, established as its dedicated department, CSR Department integrates and promotes activities pertaining to CSR and corporate compliance.
3. Preparation and refinement of our corporate compliance framework are vigorously pursued, in order to prevent or correct behaviors that violate social rules or corporate ethics. The "Code of Conduct Hotline" has been created as the report/consultation system in this respect.
4. Internal Audit Department has been established as an independent organization, reporting directly to the President. This Department examines whether operations within the Nikon Group are conducted in compliance with relevant laws and internal rules, and when necessary, makes recommendations as to how such operations can be improved.
5. Regarding elimination of anti-social forces and groups, we have defined our basic policy and standards in the "Nikon CSR Charter" and the "Nikon Code of Conduct." Additionally, we have established a system to liaison with attorneys and police forces, to take steadfast action as an organization.

2. A framework to ensure an efficient performance of directors' duties

1. The executive officer system provides a clear definition of the authority and responsibility in performance of an officer's duty, resulting in quick decision-making as well as an efficient performance of the officer's duty.
2. The "Rules of Organization and Authority" clearly defines the scope of authority and responsibility for each post as well as each organization, to ensure organized and efficient performance of duties.
3. The following organizations and meeting bodies are established to enable efficient decision-making and performance of duties by the directors:
The "Executive Committee," primarily consisting of full-time directors, deliberates about and resolves major issues regarding management, general internal controls, and guidelines about general operations of the company's business, in accordance with the basic direction of management as determined by the Board of Directors. Major issues are reported to the Executive Committee by each department. Depending upon its purpose, other organizations and meeting bodies such as the "Executive Meeting", as well as other committees are established.
4. In accordance with our corporate philosophy of "Trustworthiness & Creativity," management targets are defined within annual plans as well as within the Medium Term Management Plans, and implemented as specific measures. In order to achieve annual targets, management of operations is carried out through divisional organization under direct control of the President. The regularly held "Business Activity Review Meeting" evaluates the achievement's progress level, identifies issues, if any, and results are evaluated and validated based on the "Achievement Evaluation System".

3. A framework aimed at preservation and control of information relating to the directors' performance of their duties

1. Information regarding resolutions, approvals, and reports pertaining to directors' performance of their duties are preserved in documentary format and until such time as provided in the "Rules of the Board of Directors", the "Rules of the Executive Committee", and the "Nikon Group Information Management Rules". The information control system is designed to allow access, when needed, from directors, corporate auditors, as well as auditors.
2. As for security of information, Information Security Headquarters have been established as an independent organization reporting directly to the President. The Headquarters have controlled centralized management for security of information within the Nikon Group and managed to coordinate and reinforce an information management framework within the Nikon Group. Further, the Nikon Group Information Management Rules have been established and the Rules intend to make definitions of the access level per category and relevance, password control, measures for preventing leaks, manipulations and destructions of proprietary information and other matters generally and thoroughly known by employees and directors within the Nikon Group.

4. A framework including rules concerning risk of loss management

1. In accordance with our recognition of identification, assessment, and control of risk factors potentially affecting operations and business continuity as critical issues, we have established the "Risk Management Committee" and identified critical risks and prepared specific countermeasures against risks and are developing a framework to appropriately control risks surrounding Nikon Group.
2. We have prepared and implemented manuals and rules pertaining to fields such as corporate ethics, protection of personal information, environmental control, quality control, export control, insider trading prevention, and disaster prevention, which reinforce the management framework concerning prevention of loss.
3. A framework is in place whereby Internal Audit Department audits other departments about their risk management, evaluates their effectiveness, and reports to the Board through the representative director when necessary, so that corrective measures can be implemented.

5. A framework to ensure fairness of operations within Nikon Group, including parent companies and subsidiaries

1. The "Decisions and Reporting of the SUBSIDIARIES Rules" and "Decision Authority Standard Table for the SUBSIDIARIES" defines the scope of authority and responsibility for subsidiaries in Japan and abroad. Thorough control and guidance based on such standards are currently implemented.
2. The "Basic Policy on internal control over financial reporting" has been established to ensure credibility of financial reporting by Nikon Corporation or other entities belonging to Nikon Group. Systems to enable the foregoing are being developed and improved.
3. Audits of companies within Nikon Group are carried out by corporate auditors and outside auditors. Additionally, we will reinforce our internal audit department and expand the scope of audits.
4. In order to encourage ethical behavior at all levels in the area of corporate compliance within Nikon Group, standards such as the "Nikon Code of Conduct" have been established under the "Nikon CSR Charter", a basic policy on corporate social responsibility for Nikon Group. Furthermore, regarding the reporting/consultation system concerning corporate compliance, various systems such as the "Code of Conduct Hotline" have been established and functioning.

6. Implementation of matters concerning employees assisting corporate auditors based on such corporate auditor's request, and matters concerning such employees' independence from other officers

1. Several employees are appointed as dedicated assistants to corporate auditors, in order to ensure an efficient procedure of the Corporate Auditors' Meeting as well as to ensure the increased effectiveness of the audit.
2. Transfer of the assistants or evaluation of the assistants' performance requires prior agreement by the corporate auditors, to ensure independence of such employees from other officers.

7. A reporting framework to corporate auditors, including reporting by directors or employees

1. A corporate auditor has the authority to attend major meetings, such as the "Executive Committee", "Executive Meeting" or the "Business Activity Review Meeting". This ensures that the corporate auditors constantly understand and audit the status of operations and the decision-making process.
2. A framework is developed to ensure prompt and effective reporting regarding facts that can potentially cause damage to our company, information obtained through the reporting/consultation system concerning corporate compliance, or items to be reported at the Corporate Auditors' Meeting as previously agreed with directors.
3. Internal Audit Department reports the status of internal audit as well as the results of the audit to the corporate auditors. The corporate auditors perform an effective audit in close cooperation with Internal Audit Department, by requesting, if necessary, further investigations by Internal Audit Department.

8. A framework to ensure effective audit by the corporate auditors

1. While ensuring independence, this framework enables the corporate auditor to hold regular meetings with the representative director in order to exchange opinions regarding issues to be dealt with by the company, or important tasks pertaining to audits, and to make necessary requests, consequently deepening the mutual understanding between them.
2. Corporate auditors hold regular meetings with outside auditors, to actively exchange opinions and information.

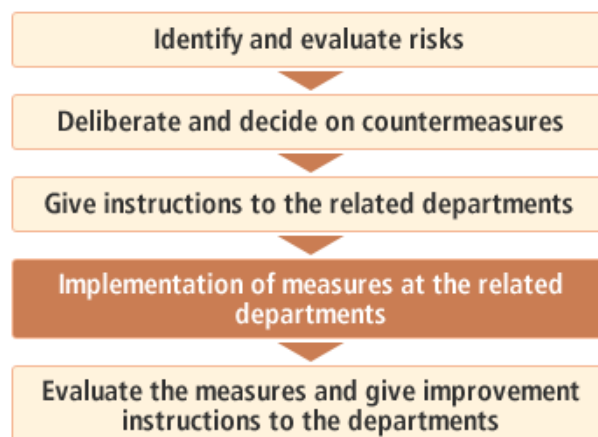
Risk Management

We carry out comprehensive risk management and implement measures for the continuous advancement of the Nikon Group.

Risk Management System

To properly respond to risks with the potential to severely affect its management, the Nikon Group has created the Risk Management Committee, which is chaired by a senior executive vice president and served by Administration Department as the secretariat, as a body with responsibility for risk management. In April 2012, the Committee was functionally strengthened to play an additional role of identifying and assessing risks. For the year ended March 31, 2014, the Risk Management Committee held a total of two meetings, one in July and the other in December.

Risk Management Flow of the Risk Management Committee



Risk Assessment

The Nikon Group conducts risk identification surveys to gain an overall insight into the risks potentially affecting the Group. In the year ended March 31, 2014, the Nikon Group conducted a survey targeting not only equivalent to department manager level or above of Nikon Corporation and presidents of domestic and overseas Group companies, who had conventionally been surveyed, but also Nikon Corporation personnel at section manager level. We then perform a risk assessment, in which we identify, analyze and evaluate the replies collected after compilation and adjustment, to create a risk map that shows the level of influence and probability of each risk.

For those events rated in the risk assessment as involving high risks, we study measures for mitigating risks and determine the order of priority for addressing them. We also compared our Group's status with the general risk map of the manufacturing industry to detect any risks that may have been overlooked inside the Group. We regularly update the risk map and visualize the progress of countermeasures as well as subsequent changes in the monitored risks.

Promotion of BCM Activities

The Nikon Group has formulated BCPs* in preparation for large-scale disasters and other emergencies, such as earthquakes, other natural disasters and a new influenza pandemic. After the Great East Japan Earthquake, we 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, 2014, we studied measures in preparation for a long-term loss of head office functions following a large-scale disaster. In line with the Tokyo Metropolitan Ordinance Covering the Measures for People Who Have Difficulty Returning Home, we made partial revision to the Nikon Group Guidelines on BCM* Activities." At Nikon Group bases in Japan that might suffer significant tsunami damage in the event of a maximum earthquake damage scenario, we conducted drills for evacuation using the recommended routes determined by simulations. In response to the revision to the World Health Organization (WHO) Global Pandemic Alert Levels, enforcement of Japan's Act for Special Measures against New Influenza, etc. and reconsideration of the National Action Plan, we have changed the expressions in the Standards for BCP Implementation in Response to Pandemic Influenzas.

- * 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.

- * 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 an unexpected emergency such as a natural disaster. It is designed to help them continue their business even in the event of a major emergency.

Risk Management for Information Assets

In October 2012, we established our Information Security Division, under the direct control of the president. Under its guidance, we are further improving the level of our information security systems, tailoring them to local conditions in each country and region in which we operate.

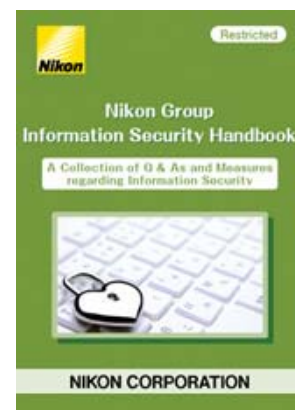
Protection of personal information

We properly handle personal information in line with the Nikon Group Privacy Protection Policy. Nikon Imaging Japan Inc., which deals with a lot of personal information from customers, has obtained certification under the PrivacyMark System in Japan. Also, in the United States, Nikon Inc. has obtained certification for the Payment Card Industry Data Security Standards (PCI DSS), which are the security standards for the credit card industry.

Information security education and auditing

We have distributed the Nikon Group Information Security Handbook to employees to make sure that every one of them understands the importance of information asset management and complies with the rules with a high level of awareness. We are making constant efforts, including information management audits and e-learning training on our information management and security systems for each department and group company.

In the year ended March 31, 2014, we provided information security training to IT personnel of major group companies and encouraged the implementation of internal education at individual companies in an ongoing effort to make the rules fully known to the employees and to improve their information literacy.



Nikon Group Information Security Handbook

Responses to Country-specific Risks

As the Nikon Group expands its business on a global scale, its employees work in many different countries. The number of employees who are working outside Japan is increasing, as is the number of group company employees in each country who are transferred abroad or taking overseas business trips. 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 the safety of employees, whether they are dispatched from Japan or from another country.

Specifically, we collect risk information from experts on country-specific risks, from the Japanese Ministry of Foreign Affairs, and from our local Group companies in each country. For countries with high potential risks, including emerging economies and

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, insurrections, etc., under which we set emergency steps, including those involving local employees. We are also establishing a System for Checking the Safety of People on Overseas Business Travel. In October 2012, we finished setting up a system to centrally manage information about employees on business trips for Nikon Corporation and Group companies in Japan. We are establishing a similar system for Group companies outside the country as well. In the year ended March 31, 2014, we revised all our risk management manuals, including the risk management rules for employees dispatched to foreign countries.

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, 2014, we gave introductory e-learning training on export control to around 12,000 employees (participation rate of 87.8%) in the Nikon Group in Japan. Moreover, to maintain and improve export control, we held 19 seminars for employees of the Nikon Group in Japan (with the participation of 300 people in total). Also, to enhance control over the provision of technologies, we held a training with around 30 employees representing the workplaces.

In 2007, Nikon was certified as an AEO exporter under the Authorized Economic Operator (AEO) Program*. Certification of AEO exporter is given to enterprises with excellent security control and compliance systems are certified by the Japanese Customs to ensure security in international trade while facilitating international trade operations.



The official logo of the AEO Program

* Authorized Economic Operator (AEO) Program

It is a program under which customs authorities in individual countries approve those operators equipped with cargo security management and compliance systems to facilitate and simplify their customs procedures. The World Customs Organization (WCO) adopted an international framework of standards to secure and facilitate global trade ("SAFE framework") that prescribes guidelines for introduction and construction of the program.

› Efforts for Security and Export Control

<http://www.nikon.com/about/csr/risk-management/enhancing-export/index.htm>

Intellectual Property Management

Intellectual Property Initiatives

The Nikon Group has been making all kinds of efforts on intellectual property to establish the brand value of the Nikon products. In addition to protecting the Nikon brand under a trademark right, we also protect intellectual property, such as patent and design rights, for advanced technologies and designs created during research and development activities.

The Nikon Group operates its activities in accordance with the Nikon Code of Conduct and appreciates intellectual property held by others under the intellectual property laws.

The Nikon Group will also take action against any third party who infringes our intellectual property rights to prevent any harm from impacting not only our customers and stakeholders but also us.

Intellectual Property System

The Nikon Group has set up the Intellectual Property Division within Nikon Corporation. It works together with the business divisions and the R&D divisions to carry out various activities concerning intellectual property. The Intellectual Property Division centrally manages intellectual property in accordance with our information management rules and procedures. In addition, the Nikon Group provides training to its employees and researchers to ensure their proper understanding and operations on intellectual property.

Data on Nikon's Intellectual Property

Item	Results in 2013
Number of published patent applications in Japan	1,832
Number of patent registrations in the United States	400

› [Intellectual Property Initiatives](http://www.nikon.com/about/info/ip/index.htm)
<http://www.nikon.com/about/info/ip/index.htm>

The Nikon Basic Environmental Management Policy

The Nikon Group believes in the importance of using resources efficiently and preventing environmental pollution in order to pass on a sustainable and healthy planet to future generations. As a Group, we have formulated the Nikon Basic Environmental Management Policy and we strive to protect the global environment.

The Nikon Basic Environmental Management Policy

1. Basic Philosophy

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

2. Basic Approach

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

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

3. Action Guidelines

1. We will make every effort to promote reductions of CO₂ and waste emissions, reuse and recycling, while encouraging energy and resource conservation, waste reduction and conscientious waste processing with the goal of creating an environmentally-conscious recycling society.
2. We will perform environmental and safety reviews, including those to conserve biodiversity, at every stage of planning, development and design, in order to provide products that fully comply with environmental protection aims.
3. At every stage of production, distribution, use and disposal, we will actively introduce materials and equipments 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 strive to 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 complying all environmental conservation treaties, national and regional laws and regulations.
6. We will conduct ongoing education programs to further employee knowledge of environmental issues and promote employee involvement in environmental activities.
7. We will provide business partners with guidance and information to promote optimal environmental protection activities.
8. In cooperation with our stakeholders, we will participate actively in the environmental protection programs of society at large, and actively disclose information.

Business Activities and the Environment

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 environmental 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, 2014)



※ Lead and arsenic-free glass

For the optical glass used in the lenses and prisms of optical instruments, Nikon has developed a new type of glass that contains absolutely no lead or arsenic. The proportion of lead and arsenic-free glass is 100% for almost all Nikon products.

Nikon Group's Principal Environmental Impacts (for the year ended March 31, 2014)

INPUT		Nikon Corporation	Group manufacturing companies in Japan	Units
Energy	Electricity	165,069	87,732	MWh
	City gas	5,754	1,122	Thousand Nm ³
	Liquefied petroleum gas (LPG)	530	2,059	t

INPUT		Nikon Corporation	Group manufacturing companies in Japan	Units
Energy	Heavy oil	0	594	kL
	Kerosene, light oil, etc.	7	111	kL
	Water	1,917	902	Thousand m ³
PRTR* substances	2-aminoethanol	0	0	t
	Ferric chloride	0	5.084	t
	Hexavalent chromium compounds	0	2.172	t
	Chromium and trivalent chromium compounds	0	1.752	t
	Dichloropentafluoropropane	0	1.584	t
	Toluene	0	3.153	t
	Lead compounds	0	0	t
	1-bromopropane	24.391	46.466	t
	Boron compounds	0	22.494	t

OUTPUT		Nikon Corporation	Group manufacturing companies in Japan	Units
CO ₂ emissions	Electricity	62,518	36,474	t-CO ₂
	City gas	12,544	2,467	t-CO ₂
	Liquefied petroleum gas (LPG)	1,608	6,251	t-CO ₂
	Heavy oil	0	1,610	t-CO ₂
	Kerosene, light oil, etc.	18	275	t-CO ₂
PRTR substances emissions to the air	2-aminoethanol	0	0	t
	Ferric chloride	0	0	t
	Hexavalent chromium compounds	0	0	t
	Chromium and trivalent chromium compounds	0	0	t
	Dichloropentafluoropropane	0	1.462	t
	Toluene	0	1.938	t
	Lead compounds	0	0	t
	1-bromopropane	23.930	35.643	t
	Boron compounds	0	0.031	t

OUTPUT		Nikon Corporation	Group manufacturing companies in Japan	Units
Wastes including valuable resources	Amount discharged	3,035	2,457	t
	Amount recycled	3,022	2,326	t
	Amount of landfill	3	55	t

* PRTR

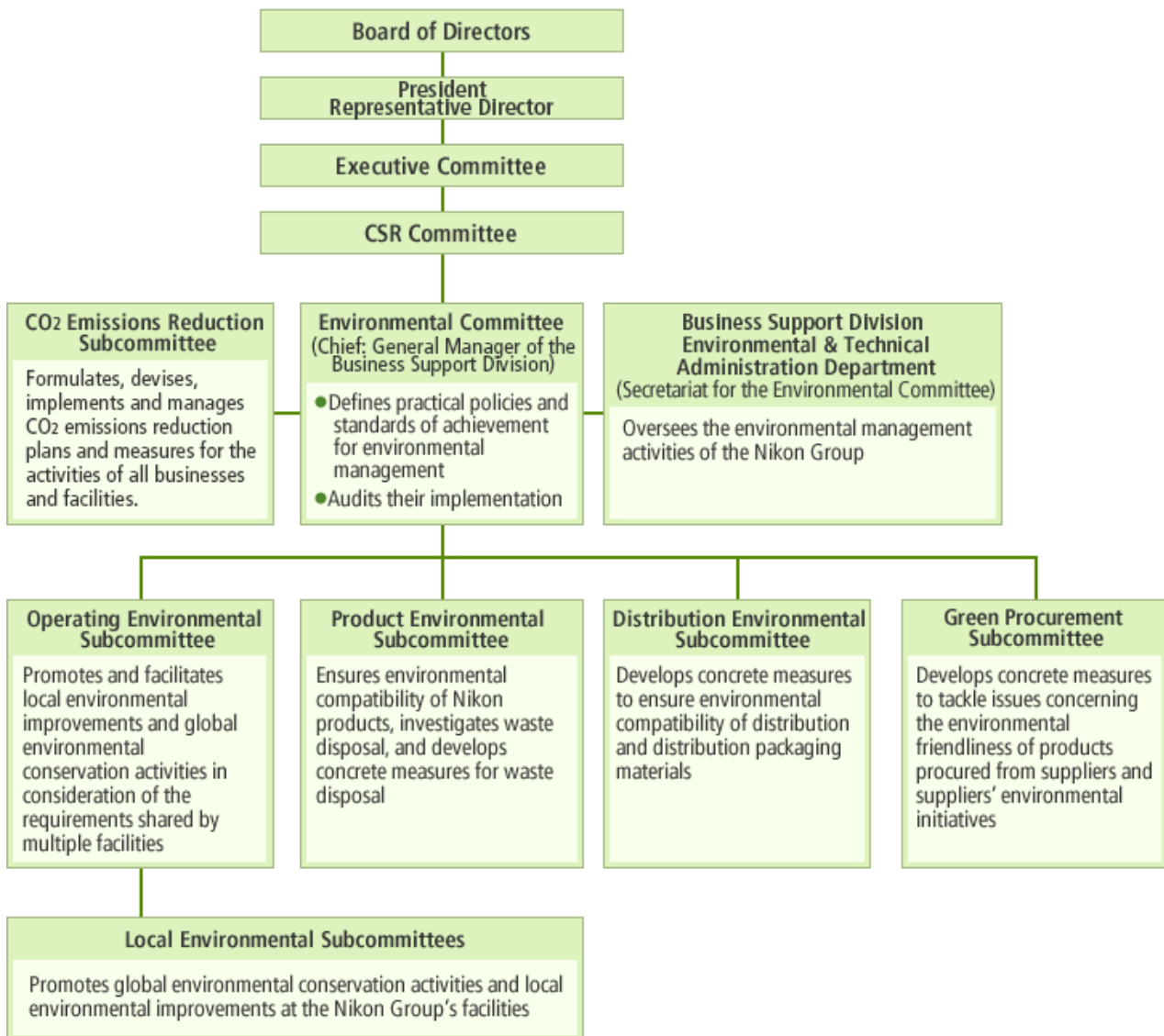
In Japan, the "Pollutant Release and Transfer Register" system is a system used by the government to collect, tabulate, and disclose data on chemical substances that might have harmful effects on human health and ecosystems. They are identified and reported to the government once per year by companies.

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, track social needs and set up response structures. We also take measures to prevent and rectify soil pollution and accidental spills of hazardous substances.

Environmental Management Organization (as of July 31, 2014)



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. With these activities we are reducing our GHG emissions, generation of waste, and use of hazardous substances. In the year ended March 31, 2014, Nikon Metrology UK Ltd. (UK) obtained integrated ISO14001

certification. X-Tek Systems Ltd. (UK) is also working toward obtaining the same certification. 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 non-manufacturing facilities in and outside Japan that have low environmental impacts. In the year ended March 31, 2014, we carried out surveys at 80 non-manufacturing facilities outside Japan to collect and analyze information about environmental activities currently being implemented and their environmental impacts with a view to introducing the simplified EMS. Based on the results, we are working toward introducing the simplified EMS at sites outside Japan in the year ending March 31, 2015.

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 complying with 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 and Environmental Performance Data Boundary

Company	Consolidated Subsidiaries	Environmental Management Systems	Classification for Tallying Environmental Performance Data	
Nikon Corporation	—	ISO14001	A	Environmental performance data are tallied at the company level. Relatively large facilities directly related to manufacturing of products and components.
Tochigi Nikon Corporation	○			
Tochigi Nikon Precision Co., Ltd.	○			
Sendai Nikon Corporation	○			
Miyagi Nikon Precision Co., Ltd.	○			
Kurobane Nikon Co., Ltd.	○			
Hikari Glass Co., Ltd.	○			
TNI Industry	○			
Nikon Imaging (China) Co., Ltd.	○			
Nikon (Thailand) Co., Ltd.	○			
Nikon Tec Corporation	○		B	Environmental performance data are not tallied at the company level, but some activities are subject to tally. Since some operations are carried out on the same premises as category "A" for purposes of product design, supply, installation, maintenance etc., the data for these activities are added up with "A".
Nikon Instech Co., Ltd.	○			
Nikon Systems Inc.	○			
Nikon Business Service Co., Ltd.	○			
Nikon Staff Service Corporation	○			

Company	Consolidated Subsidiaries	Environmental Management Systems	Classification for Tallying Environmental Performance Data	
Nikon Vision Co., Ltd.	○	ISO14001	C	Not currently subject to environmental performance data tally
Nikon U.K. Ltd.	○			
Hikari Glass (Changzhou) Optics Co.,Ltd.	○			
Nanjing Nikon Jiangnan Optical Instrument Co., Ltd.				
Nikon Metrology UK Ltd.	○			
Nikon Imaging Japan Inc.	○	Nikon Simplified EMS		

* All the environmental performance data shown in this website were tallied with the subjects being those in classification "A" above. The number of employees affiliated with classification "A" accounts for at least 70% of all employees in the entire consolidated group.

* Classification "A" may also include data generated by subcontractors carrying out operations on the premises or small-scale special subsidiaries in addition to the abovementioned parties.

Environmental Accounting

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

Scope of calculation:

Nikon Corporation and Group manufacturing companies in Japan

Period: April 1, 2013 to March 31, 2014

* 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

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	73
Expense Saving	Reduced energy costs due to energy savings	1
	Reduced expenses due to efficient utilization of resources	-
	Reduced expenses due to recycling of resources	-
Total		74

Cost of Environmental Conservation

Unit: millions of yen

Category		Major Initiatives	Investment	Expenses	Total
Business Area Cost	Pollution Prevention Cost	Prevention of air/water pollution, etc.	97	603	700
	Global Environment Conservation Cost	Prevention of global warming, energy conservation, etc.	291	160	451
	Resource Circulation Cost	Disposal of waste, efficient use of resources, etc.	4	240	244
Upstream/downstream Cost		Administration of green procurement, recycling measures, etc.	-	169	169
Administration Cost		Administration of environmental management systems, etc.	-	422	422
R&D Cost		Energy-saving design of products, research and development, etc.	-	94	94
Social Activity Cost		Social contribution activities, sponsorship activities, etc.	-	49	49
Environmental Remediation Cost		Costs of restoring soil, etc.	-	140	140
Other Costs			-	0	0
Total			392	1,877	2,269

Environmental Action Plan

Under the Nikon Environmental Action Plan, our medium-term goal, we set environmental targets for each fiscal year, evaluate the performance and identify and review any issues. The Environmental Committee deliberates and approves the self-evaluation results.

Results for the Year Ended March 31, 2014 [Summary]

Product-related activities

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

Theme	Targets	Results	Self-evaluation
Energy conservation (prevention of global warming)	<ul style="list-style-type: none"> Improve overall energy efficiency* Improve overall energy efficiency of new representative products released during the year ending March 31, 2014 	<ul style="list-style-type: none"> Improved average power consumption efficiency for all models of newly released products As an example, improved power consumption efficiency for the D3300 Nikon DX format digital SLR camera (launched in Feb. 2014) by 25% (compared to D3200) 	○
Reduction in the use of hazardous chemical substances	<ul style="list-style-type: none"> Maintain 100% compliance for products subject to the RoHS Directive* 	<ul style="list-style-type: none"> Continued to maintain 100% compliance for products subject to the RoHS Directive 	○
Distribution	<ul style="list-style-type: none"> Reduction in environmental impact of physical distribution Foster the visualization of CO₂ emissions from international distribution 	<ul style="list-style-type: none"> Understand CO₂ emissions due to distribution between Nikon and outside Japan Calculated CO₂ emissions from distribution in Europe 	○

Activities at facilities

Theme	Targets	Results	Self-evaluation
Reduction in GHG emissions (CO ₂ emissions from energy use)	<ul style="list-style-type: none"> Total CO₂ emissions from Nikon Corporation and Group manufacturing companies in Japan: 135 thousand tons or less 	<ul style="list-style-type: none"> Total CO₂ emissions from Nikon Corporation and Group manufacturing companies in Japan: 124 thousand tons 	○
	<ul style="list-style-type: none"> CO₂ 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) 	<ul style="list-style-type: none"> Group manufacturing companies outside Japan: Reduced by 7.5% from the average for the period from the year ended March 31, 2006 to the year ended March 31, 2008 (improvement per unit of output) 	

Waste reduction	<ul style="list-style-type: none"> Waste from Nikon Corporation and Group manufacturing companies in Japan: Maintain at levels of the year ended March 31, 2011 (4,867 tons or less)*1 <p>Zero emissions*:</p> <ul style="list-style-type: none"> Facilities that have achieved level 1: Build a level S system 	<ul style="list-style-type: none"> Waste from Nikon Corporation and Group manufacturing companies in Japan: Maintained levels of the year ended March 31, 2011 (3,796 tons)*1 <ul style="list-style-type: none"> For facilities that have achieved level 1: Achieved level S 	○
	<ul style="list-style-type: none"> Hikari Glass (Changzhou) Optics Co., Ltd. and Nanjing Nikon Jiangnan Optical Instrument Co., Ltd.: Build a level 3 system 	<ul style="list-style-type: none"> Hikari Glass (Changzhou) Optics Co., Ltd. and Nanjing Nikon Jiangnan Optical Instrument Co., Ltd.: Achieved level 3 	
Conserve forest resources	<ul style="list-style-type: none"> Collect and analyze data on reducing use of photocopy paper 	<ul style="list-style-type: none"> Nikon Corporation: Understood quantities of paper purchased for photocopying and other printouts Link to reduction during or after the year ending March 31, 2015 	○

*1 Except valuable resources

Others

Theme	Targets	Results	Self-evaluation
Environmental management system (EMS)	(Integrated ISO 14001 certification)		○
	<ul style="list-style-type: none"> Nikon Metrology UK Ltd. complete certification 	<ul style="list-style-type: none"> Nikon Metrology UK Ltd. obtained certification 	

* 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.

* 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.

* 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.

Targets for the Year Ending March 31, 2015 [Summary]

Product-related activities

Theme	Targets
Energy conservation (prevention of global warming)	<ul style="list-style-type: none"> Improve energy efficiency Improve energy efficiency of new products released during the year ending March 31, 2015
Reduction in the use of hazardous chemical substances	<ul style="list-style-type: none"> Maintain 100% compliance for products subject to the RoHS Directive
Distribution	<ul style="list-style-type: none"> Reduction in environmental impact of physical distribution Expand the scope of visualization of CO2 emissions (distribution within Europe)

Activities at facilities

Theme	Targets
Reduction in GHG emissions (CO2 emissions from energy use)	<ul style="list-style-type: none"> Nikon Corporation and Group manufacturing companies in Japan: 134 thousand tons or less Group manufacturing companies outside Japan: Reduce by 8% from the average for the period from the year ended March 31, 2006 to the year ended March 31, 2008 (Improvement per unit of output)
Waste reduction	<ul style="list-style-type: none"> Waste from Nikon Corporation and Group manufacturing companies in Japan: Reduce by 1% from the moving average for the 3-year period <p>Zero emissions:</p> <ul style="list-style-type: none"> Facilities that have achieved level S: Maintain level S Hikari Glass Co., Ltd.: Build a level 1 system Nikon Imaging (China) Co., Ltd.: Maintain level 1 Hikari Glass (Changzhou) Optics Co., Ltd. and Nanjing Nikon Jiangnan Optical Instrument Co., Ltd.: Build level 2 system
Conservation of forest resources	<ul style="list-style-type: none"> Nikon Corporation: Reduce amount of copy and printout paper purchased by 3% from the amount in the year ended March 31, 2014

Others

Theme	Targets
Environmental management system (EMS)	(Integrated ISO 14001 certification) <ul style="list-style-type: none"> Obtain certification for X-Tek Systems Ltd.

Environmental Education and Awareness Raising Activities

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

Training of Internal Auditors

In order to maintain and improve environmental management systems, it is critical to maintain and improve the quality of internal audits. The Nikon Group therefore periodically provides training aimed at educating and improving the skills of internal auditors, as well as training in laws and regulations related to the environment, which is linked to strengthening compliance. In addition to the regular training sessions, we also organize ad-hoc training at the request of local environmental subcommittees. These environment-related courses are given by employees who are externally certificated auditors. The in-house lecturers also support the establishment of environmental management systems at companies both inside and outside the Nikon Group.

General Education for Employees

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, 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 CO₂ emissions at our facilities. Also, in the month of June, designated Environment Month by the Japanese Ministry of the Environment, we hold seminars to share information with employees and increase their awareness of and interest in our environmental measures. We also organize a photo contest and other events. For the Environment Month seminar held in the year ended March 31, 2014, we invited a guest lecturer to give talks on the relationship between chemical substances and the environment with safety and security as the keywords, risk communication from the perspective of the environment, and safety studies. About 130 persons attended the lecture.



Seminars during Environment Month

Environmental Commendation Program

In order to revitalize measures to protect the environment, the Nikon Group has introduced the Nikon Environmental Commendation Program. Every year, this program commends and awards outstanding initiatives among the workplaces, groups or individuals who have achieved major results in their daily environmental activities. In the year ended March 31, 2014, we presented four Outstanding Environmental Contribution Awards and eight Environmental Contribution Awards.



Environmental Commendation ceremony

Participating in Earth Hour

The Nikon Group participates in Earth Hour, an event to prevent global warming organized by the World Wildlife Fund. Earth Hour is a global event where people worldwide show their desire to prevent global warming by switching off the lights at the same time on the same day. In the year ended March 31, 2014, 48 Nikon companies in Japan, Europe, the Americas, Korea and other countries participated by switching off billboards or unnecessary lighting at facilities.

Related Information

- › [Social Contribution Activities: Supporting the AKAYA Project in Japan](http://www.nikon.com/about/csr/society/earth/akaya-project/index.htm)
<http://www.nikon.com/about/csr/society/earth/akaya-project/index.htm>

We have supported the Akaya Project to restore biodiversity since 2005. We are learning about the importance of the rich biodiversity of Japan by organizing hands-on tours for employees and their families.

Biodiversity Conservation

Nikon's Approach to Biodiversity

Corporate activities are closely linked to biodiversity. Companies impact on the natural environment in ways that are both direct and indirect by procuring the raw materials they require for business activities, drawing on the water and energy supplied by nature, but also by generating waste products, emitting CO₂, or releasing chemical substances and wastewater.

The Nikon Group has agreed to participate as a partner promoting the Keidanren Declaration on Biodiversity. At the same time, the Group has revised the Nikon Basic Environmental Management Policy to clarify its basic stance on biodiversity conservation. The Nikon Group also tackles a range of activities to protect the environment including reduction in CO₂ emissions and responses to the RoHS Directive*, reductions in hazardous substances, zero emissions* and other reductions in waste products. For example, employees and their families are participating in the AKAYA Project and the Mt. Fuji reforestation project. The Group also supports and participates in activities to protect the natural environment in the vicinity of our facilities. In order to continue to promote resource circulation management, we are engaged in the protection of the natural environment, and we strive to understand the connections between business activities and biodiversity through robust education for employees, information transmission, as well as collaboration and cooperation with stakeholders.

- › [Supporting the AKAYA Project in Japan](http://www.nikon.com/about/csr/society/earth/akaya-project/index.htm)
<http://www.nikon.com/about/csr/society/earth/akaya-project/index.htm>
- › [Participate in the Mt. Fuji reforestation project \(P101\)](http://www.nikon.com/about/csr/society/earth/mountain-fuji/index.htm)
<http://www.nikon.com/about/csr/society/earth/mountain-fuji/index.htm>

* 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.

* 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.

ESR-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*). We found that the Nikon Group receives supplies of wood materials, wood fibers, fresh water, and other natural materials from the ecosystem, while having an impact on ecosystem regulating services as a result of using chemical substances and emitting CO₂ in its business activities. The review also found that the Group can contribute to biodiversity 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.

Based on the results of the evaluation, we are analyzing the main aspects of our relationship with ecosystem services and promoting initiatives at the departments concerned.

* 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."

ESR Results and Major Initiatives

ESR results			Major initiatives
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.)	<p>Activities based on the Paper Procurement Policy</p> <ul style="list-style-type: none"> ➤ Promoting CSR-Oriented Procurement: Activities based on the Paper Procurement Policy (P106) <p>Green procurement</p> <ul style="list-style-type: none"> ➤ Promoting Green Procurement (P108) <p>Analysis of the use of copy paper</p> <p>Packaging Measures</p> <ul style="list-style-type: none"> ➤ Packaging Measures (P57)
	Freshwater	Use of water in business activities	<p>Promotion of the circulative use of water</p> <ul style="list-style-type: none"> ➤ Preventing Air/Water Pollution and Protecting Water Resources: An Example of the Circulative Use of Water (P70)
Regulating services	Maintenance of air quality	Emissions of chemical substances in business activities	<p>Fuel conversion</p> <p>Monitoring</p> <ul style="list-style-type: none"> ➤ Preventing Air/Water Pollution and Protecting Water Resources (P70)
	Regulation of climate	GHG emissions in business activities	<p>CO2 emissions reduction activity</p> <ul style="list-style-type: none"> ➤ Reducing CO2 Emissions (P63)
	Water purification and waste treatment	Generation of waste, including wastewater in business activities	<p>Monitoring</p> <ul style="list-style-type: none"> ➤ Preventing Air/Water Pollution and Protecting Water Resources (P70) <p>Promotion of zero emissions</p> <ul style="list-style-type: none"> ➤ Waste Reduction: Toward Zero Emissions (P71)

Cultural services	Ethical and spiritual values	Use of products for educational and research purposes	▶ Supporting the AKAYA Project in Japan http://www.nikon.com/about/csr/society/earth/akaya-project/index.htm
		Social contribution activity	▶ Support of Environmental Education http://www.nikon.com/about/csr/society/education/environmental-education-support/index.htm
		Employee education	Nature Tour in Akaya Forest ▶ Supporting the AKAYA Project in Japan: Nikon Environment Education for Employees http://www.nikon.com/about/csr/society/earth/akaya-project/index.htm#h2_3

Preservation of Forest Resources

As part of its biodiversity conservation efforts, the Nikon Group is committed to reducing its use of paper. All facilities and Group companies have made efforts to reduce the use of copy paper in their EMS activities, but based on the ESR results, we are stepping up these activities. In the year ended March 31, 2014, the Nikon Group in Japan introduced a system to centrally manage the use of copy paper and made efforts to promote centralized management of data. This system will be used for monitoring and analysis for more reductions in the future.



Nikon products are indispensable for fieldwork in environmental conservation

The Nature Conservation Society of Japan is an NGO conducting nature conservation, research, and educational activities to protect the rich environment and natural blessings of our country. I am in charge of the AKAYA Project where we monitor birds of prey (golden eagles and Hodgson's hawk eagles) in order to scientifically manage the Akaya Forest, which extends over 10,000 hectares. Nikon field scopes and cameras are indispensable tools for observing golden eagles raising their chicks on ledges from a distance of one kilometer. 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.



Seiichi Dejima
 Conservation Project Department
 The Nature Conservation Society of Japan

Eco-friendly Product Development

Management System for the Development of Eco-friendly Products

The Nikon Group continues to operate the unique management system outlined at right 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 1995, in a bid to stay ahead of environmental regulations and deteriorating global environmental problems, Nikon Corporation developed and established the Nikon Product Assessment as an instruction manual for carrying out assessments.

Since establishing the instruction manual, we have continued to revise and tighten the assessment items and standards in line with circumstances, reflecting the latest regulations and other information in April 2014. The Nikon Product Assessment is used at the design and development levels for all products of the Nikon Group, and we have already assessed over 1,000 products and units. We are working toward improving our products to reduce the environmental impact as much as possible across the whole product lifecycle by promoting resource conservation, making substantial reductions in hazardous substances, and improving energy efficiency*.

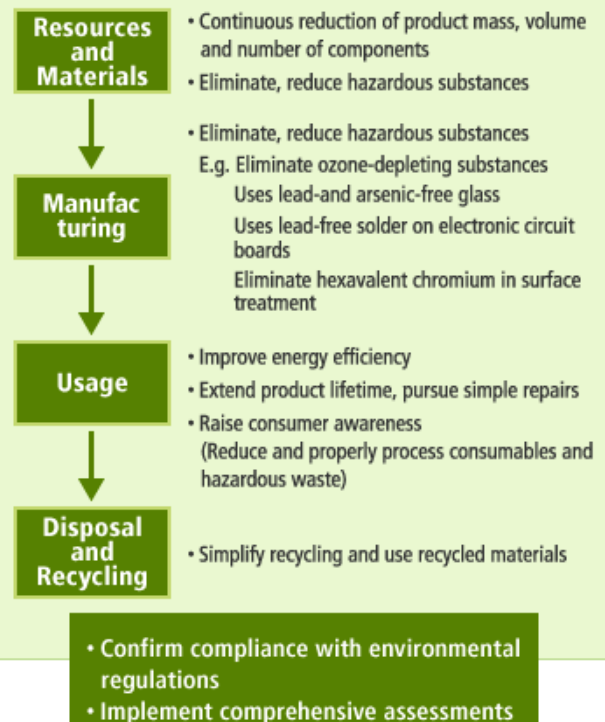
※ Energy efficiency

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.

Features of Nikon Product Assessment

- Compulsory implementation at development
- Improved products required to improve further in next product stage
- Supports designers with related manuals and other documents etc.

Implementing assessments for each stage of the product lifecycle



Reducing Hazardous Substances in Products

The Nikon Group strives to reduce hazardous substances and to implement measures for all products, including the items listed below, in order to comply with international regulations for hazardous substances. As a result, we have achieved, for example, 100% conformity with the revised European RoHS Directive* which took effect as of January 3, 2013 by domestic law in Member States.

* 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. The RoHS Directive was revised in 2011.

Discontinued Use of Ozone-layer-depleting Substances

The Nikon Group gradually decreased the use of ozone-layer-depleting substances (HCFCs) as refrigerants required to regulate the temperature for semiconductors and FPD lithography systems until finally discontinuing their use for equipment shipped in and after the year ended March 31, 2009.

Development of Lead-and arsenic-free Glass

Recognizing that the lead and arsenic used in most optical glass posed serious environmental problems related to product, the Nikon Group developed a lead-and arsenic-free glass in the 1990s. Since then, we have promoted its extensive use in the optical components for all Nikon products. Today, we have achieved nearly 100% usage of lead- and arsenic-free glass with the exception of some products with unique specifications for industrial use. In the year ended March 31, 2014, the ratio of lead-and arsenic-free glass* in new designs were 100% for consumer products.

* Lead-and arsenic-free glass

For the optical glass used in the lenses and prisms of optical instruments, Nikon has developed a new type of glass that contains absolutely no lead or arsenic. The proportion of lead-and arsenic-free glass is 100% for almost all Nikon 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. We have achieved 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 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, we have established hexavalent chromium-free surface treatment technologies in all Nikon product categories.

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. Since 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, it is essential that we inspect various materials using chemical analysis to fully eliminate the use of hazardous chemical substances in Nikon products in addition to establishing a green procurement system. 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.

› [CSR-oriented Procurement: Promoting Green Procurement \(P108\)](#)

Response to Regulations on Hazardous Chemical Substances

At present, 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* in 1992, in which the "preventive approach" was proposed, and the adoption of the Johannesburg Plan of Implementation* and SAICM*. 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 European RoHS Directive and the REACH Regulation* have 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. The Nikon Group has been utilizing information technology to survey the use of hazardous chemical substances in its products and to manage the relevant information throughout its supply chain, thereby complying with the RoHS Directive, REACH and other international regulations on hazardous chemical substances in a strict, prompt, and efficient manner.



[Nikon's declaration on compliance with REACH Regulation \(PDF:33KB\)](http://www.nikon.com/about/csr/pdf/Nikon_REACH.pdf)
http://www.nikon.com/about/csr/pdf/Nikon_REACH.pdf

* 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.

* 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."

* 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.

* 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.

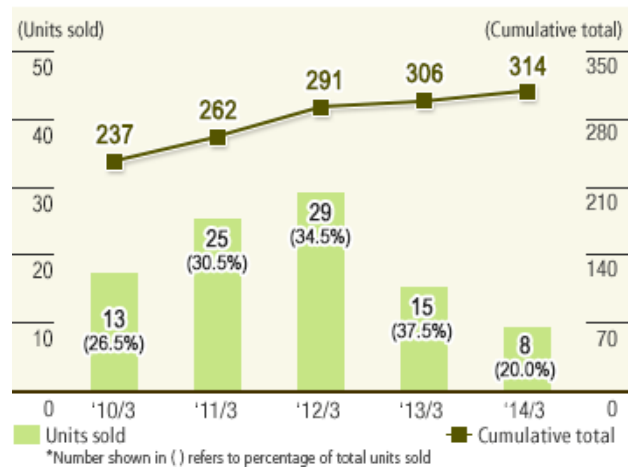
Product Reuse and Recycling

As a supplier of products to all over the world, the Nikon Group 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 and outside Japan. This business is an example of Nikon's practice of reusing its own products. As of the year ended March 31, 2014, Nikon had sold a cumulative total of 314 refurbished steppers and scanners.

Volume of Refurbished Steppers and Scanners



Battery Recycling

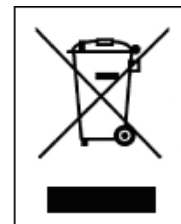
In Japan, Nikon Corporation has been cooperating with JBRC* and a number of other companies to collect end-of-life secondary batteries, including those used for Nikon digital cameras, from users for recycling.

* 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.

Recycling of Used Nikon Products

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



Symbol for recycling in the EU.

* WEEE Directive

Under legislation enacted in the EU in 2003, Member States are required to collect and recycle waste electrical and electronic equipment. The WEEE Directive was revised in 2012.

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*. In the EU, 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.



Green Dot symbol

* Green Dot System

A collection and recycling system for packaging waste adopted by domestic legislation in Member States in accordance with the 1994 European Directive on packaging and packaging waste.

Packaging Measures

As part of its product packaging measures, the Nikon Group formulated its Environmental Policy Regarding Packaging Materials in May 1998 and revised it in June 2000.

Based on this policy, we have been making constant improvements, including volume and weight reduction regarding containers and packaging, and manual thickness reduction. 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 digital SLR cameras
The volume of the box for the model D3300 is about 35% smaller than that for its preceding model D3200.

Reduction of Paper Resource Consumption for User's Manuals

- An Example of the Semiconductor Lithography System

The semiconductor lithography system has been called the most precise machinery in human history. In addition to its complexity in structure and operation, it requires a great deal of maintenance and tuning work. This means that its user's manuals contain a very large number of pages. The part of the manuals that explain just the basics for an early model using g-line, released in 1990, had as many as 3,100 pages.

As higher precision was demanded from the system, in following with the trend towards finer semiconductors, the volume of the user's manuals became larger and larger with each year. From the perspective of resource conservation, the Nikon Group began preparing and distributing electronic user's manuals in the form of CD-ROMs in 2008. The shift to digital manuals not only served as an environmental measure, but also helped reduce customers' storage spaces and improve user-friendliness in search and other operations.

Meanwhile, the protection of confidential information was an issue to be solved in the process of transition to electronic user's manuals. To address this issue, an ID has been added to every single page of each manual and security measures have been implemented to inhibit duplication and alteration.

If all user's manuals actually distributed in 2013 in the form of CD-ROMs had been offered in hard copy, the total number of pages would have exceeded 100,000. This implies that the switch to electronic manuals reduced paper resource consumption by this amount. As the next step in the transition to paperlessness, the Nikon Group is also working to cut paper consumption in manual production processes such as proofreading and correction. The Nikon Group also takes part in the preparation of guidelines for paperless proofreading of user's manuals in an industry association and is working to move all internal proofreading work to an electronic format.

This initiative also applies to the process of creating user's manuals for FPD lithography systems.

- An Example of Digital Camera

We are switching user's manuals for digital cameras to a combination of a hardcopy edition summarizing main points and an electronic edition covering detailed information. The compact digital camera models released in spring 2007 were our first products to come with electronic user's manuals in the form of CD-ROMs. For certain models released in the fall of 2012 and later, we have been offering electronic user's manuals that are downloadable from our website.

We are thus introducing electronic forms of manuals step by step. As the way of thinking, preferences and the level of development of the IT environment vary from country to country, we take flexible action. For example, we introduced these manuals to Europe, where conditions were relatively well satisfied, earlier than elsewhere. From 2014 onwards, electronic user's manuals are available online all over the world for our compact digital cameras and advanced cameras with interchangeable lenses.



Further weight reduction is achieved by shifting the electronic edition of the user's manual from CD-ROM to download.

Apart from giving users enhanced searchability and convenience, the main purposes of this action include considerations for the environment, such as a reduction in paper resources consumption and of CO₂ emissions from transport. Take the Nikon 1 V3 advanced cameras with interchangeable lenses for example. Its user's manual has 316 pages in the electronic edition whereas only 160 pages in the hardcopy edition. A reduction of as many as 845 million pages is expected to be achieved worldwide during the year-long period in 2014 for models with electronic user's manuals. (This figure is estimated on the basis of the difference in the number of pages between the two editions and product sales forecasts.)

User's manuals for cameras are small, in either A6 or CD size. However, the Nikon Group believes that accumulating efforts for every single unit will result in a massive reduction of environmental impacts.

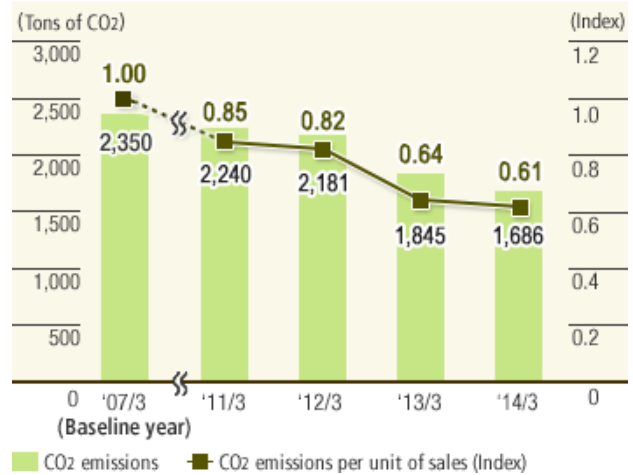
Distribution-related Activities

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

Reducing Carbon Emissions in Distribution

Nikon Corporation is striving to reduce CO₂ emissions in transportation by identifying its distribution routes, including those used by Group manufacturing companies in Japan, and obtaining numerical data on transportation volumes and CO₂ emissions. In the year ended March 31, 2013, we began calculating CO₂ 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 ended March 31, 2014, CO₂ emissions came to 1,686 tons for distribution in Japan and 204 thousand tons for international distribution.

CO₂ Emissions from Physical Distribution in Japan



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. and Nikon Imaging Japan Inc. are promoting safe and eco-friendly driving by using telematics* to manage the operation of company vehicles, a move that is also helping its drivers to become more aware of the environment.

* 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.

"Stop Idling" Promotion

When transporting IC steppers and scanners and other devices by road, it is necessary to strictly control the cargo room temperature with 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 we have introduced measures 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

Introducing Eco-friendly Vehicles and Improving Transportation Efficiency

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 shortening transport distances by reviewing international distribution routes (direct delivery). At the same time, we have revised the size of the presentation cases for digital camera to be able to load products more efficiency. We are introducing eco-friendly distribution by switching from container transport to pallet transport, and by eliminating exterior boxes.

Modal Shifts

The instruments business is shifting its mode of delivery from truck to railway, which has a smaller environmental impact. At present, the company is gradually starting the switch for products where rail transportation is possible, and in the future, the company plans to expand the use of rail for products that meet the requirements. We have also started shifting to rail transport for the supply of packaging materials to procurement partners.

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, 2014.

Imaging Products Business

Digital SLR camera: D3300 (Released in February 2014)

The D3300 is a Nikon DX-format digital SLR camera that features an image sensor with an effective pixel count of 24.16 million pixels and a new image processing engine. The entry-level model offers an optical viewfinder with approximately 95% frame coverage and approximately 0.85 magnification, high-speed continuous shooting at approximately 5 fps, and support for 60p full-HD video in a high-strength, compact and lightweight body with a monocoque structure made with a new material that uses carbon fiber (9.9% lighter than the D3200).



D3300

AF-S DX NIKKOR 18-55 mm f/3.5-5.6G VR II (Released in February 2014)

The first Nikon SLR camera lens to adopt a retractable lens mechanism for compact storage when not in use, the DX normal zoom lens delivers massive reductions in size and weight, reducing the size by approximately 30% compared to existing lenses (when retracted). With high optical performance, the lens portrays subjects in high definition from the wide angle to the telephoto range. The lens is equipped with a VR function that offers a high blur reduction effect (equivalent to a shutter speed 4.0 steps faster), and with manual focusing, a minimum focusing distance of 0.25 m for enjoyable macro photography.



AF-S DX NIKKOR 18-55 mm f/3.5-5.6G VR II

Advanced camera with interchangeable lenses: Nikon 1 AW1 (Released in October 2013)

The Nikon 1 AW1 is the world's first digital camera with interchangeable lenses that is waterproof down to 15 m and shockproof for drops up to 2 m. The high-grade, minimal body features impressive high-speed performance and is equipped with a variety of sensing functions including leveling, electronic compass and a GPS/GLONASS log display. The camera expands the field for photography to support the whole gamut from outdoor activities to everyday scenes.



Nikon 1 AW1

Compact digital camera: COOLPIX S9700 (Released in February 2014)

This model comes with a 30x optical zoom NIKKOR lens equipped with a Dynamic Fine Zoom that allows digital zoom up to approximately 60x without compromising resolution. It also features an effective pixel count of approximately 16.05 million pixels, WiFi connectivity, GPS function and a world map.

Although the multi-functional model is equipped with a high-speed zoom lens and a clear, high-definition 3-inch organic EL monitor, it is housed in a slim and stylish body.



COOLPIX S9700

Energy efficiency	Improved by 9 to 30% 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
Ratio of lead- and arsenic-free glass usage	100%

* Data common to the above four products

Instruments Business

Research Stereo Microscope SMZ25 and SMZ18 (Released in June 2013)

The newly developed stereo microscope features a large zoom ratio of 25:1 (for the SMZ25), which far exceeds the range of conventional stereomicroscopes, combined with high resolution and fluorescence transmission capability. Instead of the conventional halogen lamp, Nikon has adopted LED as the light source for the illuminator. The microscope is maintenance-free with a substantially longer lifespan.



SMZ18 (Combination of P2-DBL LED Diascopic Illumination Base)

Reduced electricity consumption	For the SMZ25 (motorized): 68% For the SMZ18 (manual): 70%
Longer life	Adoption of LED as the light source has prolonged the illuminator's life and makes it maintenance-free.
Lead-free solder	Lead-free solder is used on all electronic circuit boards.

Reducing CO2 Emissions

The Nikon Group has been making a concerted effort to reduce its CO2 emissions based on the basic policy of “passing on a sustainable and healthy environment to future generations.” We will continue to position CO2 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* throughout the life cycles of our products.

* Energy efficiency

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

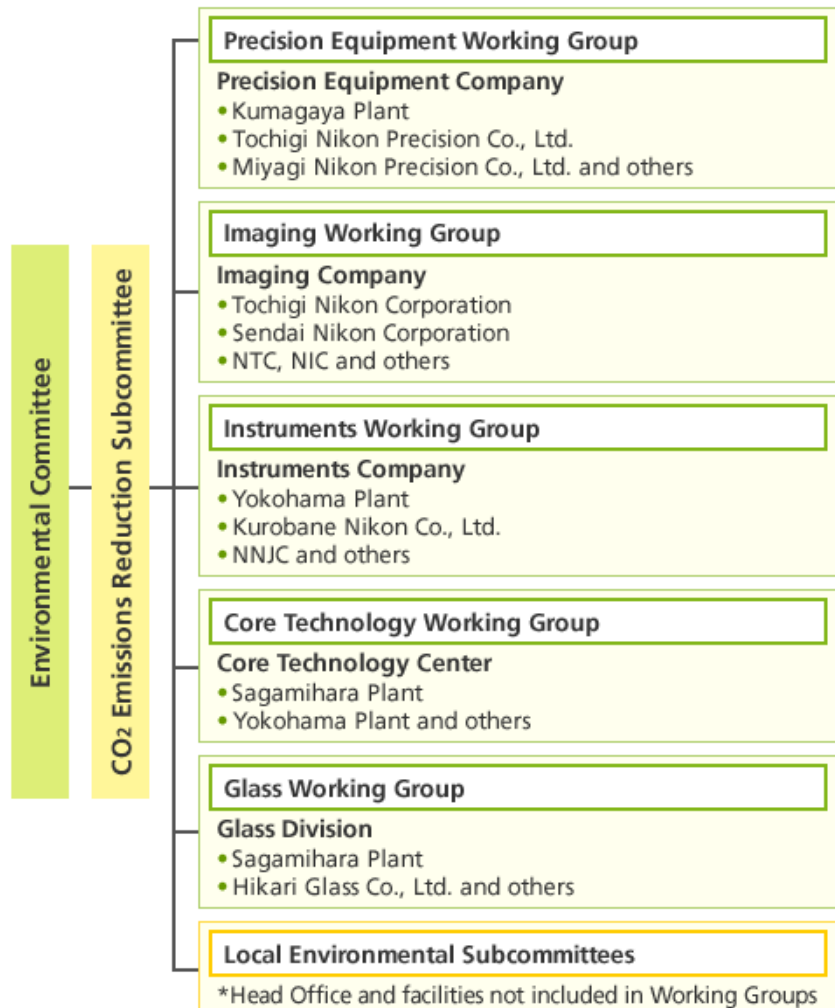
Energy efficiency of a product = Degree of functionality/Unit of power consumption

Functionality is defined separately for each product type. The Nikon Group is always committed to releasing new products with higher energy efficiency.

Structures for Reducing CO2 Emissions

At the Nikon Group, efforts to reduce CO2 emissions are centered on the CO2 Emissions Reduction Subcommittee, which consists of working groups from business segments that emit large quantities of CO2. In addition to independent activities by facilities, the Nikon Group has created structures for business segments. These structures involve considering, drafting, and implementing effective measures to reduce CO2 emissions in line with each business format. In particular, since the Great East Japan Earthquake, we have been striving to reduce CO2 emissions in response to changing approaches by the Japanese government and power companies, and in line with the direction of the international frameworks. Specifically, under the CO2 Emissions Reduction Subcommittee, each unit and facility has established its 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.

The CO2 Emissions Reduction Subcommittee (as of April 1, 2014)



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

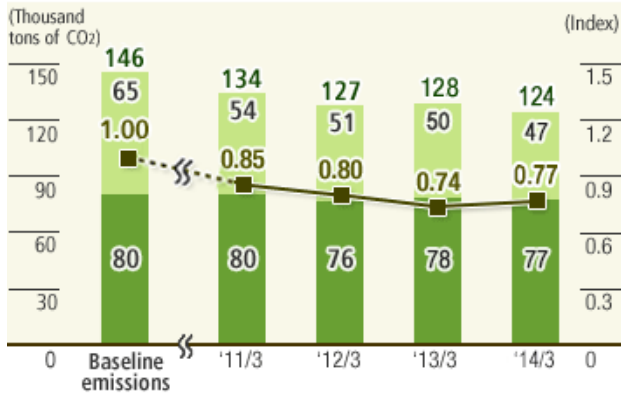
*NIC: Nikon Imaging (China) Co., Ltd.

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

CO2 Emissions from the Nikon Group in Japan

The Nikon Group is working continuously to reduce its CO2 emissions by implementing measures that include increasing the efficiency of HVAC and lighting equipment, improving production activities, managing the use of HVAC, lighting, and OA devices, and making more use of renewable energy. In the year ended March 31, 2014, the total CO2 emissions of Nikon Corporation and Group manufacturing companies in Japan came to 124 thousand tons, meaning we achieved our target of 135 thousand tons.

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

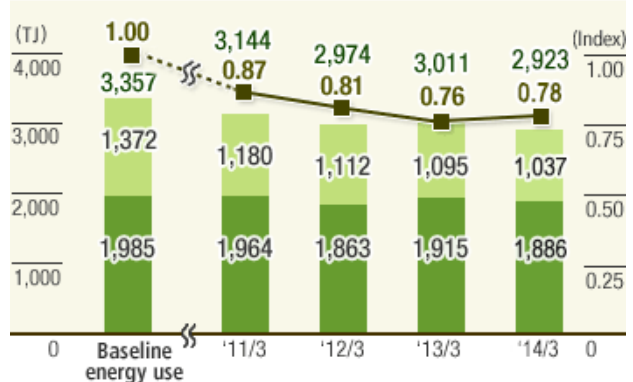


■ Nikon Corporation
■ Group manufacturing companies in Japan
■ Emissions per unit of sales (Index)

- * The values above are aggregated the results of CO2 emissions from energy use.
- * The baseline emission is average value between the year ended March 31, 2006 and the year ended March 31, 2008
- * The CO2 emission factors are the weighted average values of the actual emission factors between the year ended March 31, 2006 and the year ended 31, 2008 (fixed for all periods).

The CO2 emissions are calculated using the following unit heating values:
 City gas: Specific value of each gas company
 Other fuels: Values contained in the *Manual for Calculating and Reporting Greenhouse Gas Emissions* for the baseline emission calculation

Energy Use by Nikon Corporation and Group Manufacturing Companies in Japan

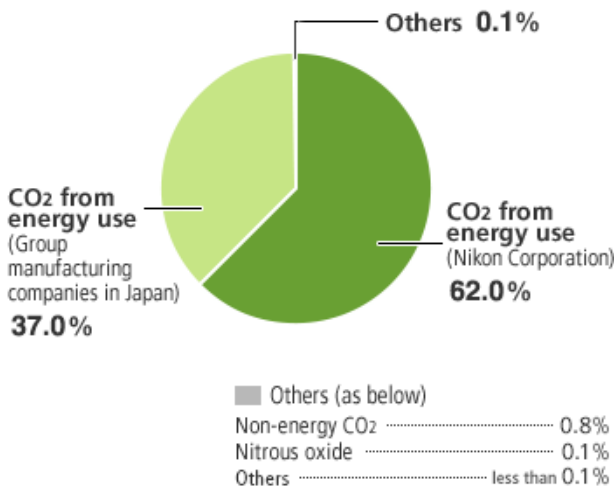


■ Nikon Corporation
■ Group manufacturing companies in Japan
■ Energy use per unit of sales (Index)

- * The baseline use is the average value between the year ended March 31, 2006 and the year ended March 31, 2008

The energy use is calculated using the following unit heating values:
 Electricity: 0.00976 GJ/kWh (fixed for all periods)
 City gas: Specific value of each gas company
 Other fuels: Values contained in the *Manual for Calculating and Reporting Greenhouse Gas Emissions* for the use calculation of each year

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



Examples of CO₂ 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 source. As a result of installing this system, the company has reduced its CO₂ emissions by 2,265 tons on an annual basis.



Heat pump chiller equipment of the seamless HVAC system

Improving Operating Controls for Boilers

Tochigi Nikon Precision Co., Ltd. uses steam for some of its manufacturing processes. The company has succeeded in minimizing the frequency of switching between operation and stoppage by establishing the optimal conditions for boiler operation in line with the pressure required for the supply destination of the steam. As a result, the company has reduced CO₂ emissions by more than 400 tons a year.

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 CO₂ emissions of about 50 tons per year. The Yokohama Plant has installed equipment to generate solar power on the walls of Building No. 502 completed in April 2013. The equipment generates approximately 26,000 kWh per year with a CO₂ reduction effect of approximately 10 tons per year. The plant also cosponsors Yokohama City's project for wind power generation as a Y (Yokohama) Green Partner Company.



Monitor showing the amount of power generated in real time

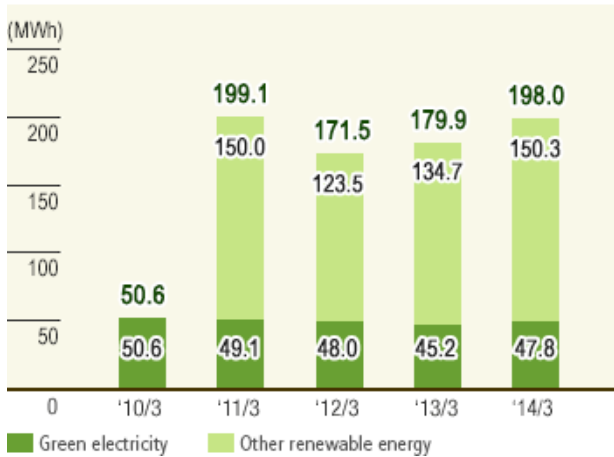


Solar power generation panel



Yokohama Plant's certificate for green power

Use of Renewable Energy at the Nikon Group in Japan



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.

New Eco Building at the Yokohama Plant

Completed in April 2013, Building No. 502 at the Yokohama Plant is an eco-friendly building that incorporates insulation in the exterior walls, green curtains, a green rooftop, efficient air conditioning, LED lighting as well as a system for solar power generation.



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 Nikon Sagamihara Plant and its Shonan Branch, as well as the Nikon Mito Plant switched some of the mercury and fluorescent lights in their offices and processing rooms to LED lighting. In addition, the Yokohama Plant replaced their refrigeration units with high-efficiency equipment. The Kumagaya Plant has introduced three commuter buses powered by natural gas with the aim of reducing CO₂ emissions.

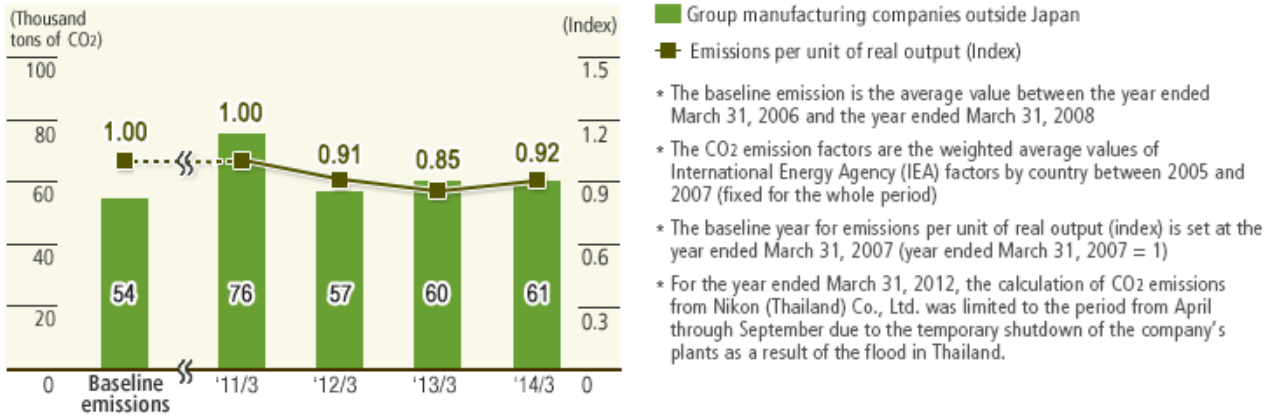


LED lighting at the Shonan Branch, Sagamihara Plant

CO2 Emissions from Group Manufacturing Companies outside Japan

In the year ended March 31, 2014, the CO2 emissions per unit of real output from Group manufacturing companies outside Japan were reduced by 7.5% to meet the target of a 7.0% reduction compared to baseline emissions.

CO2 Emissions from Group Manufacturing Companies outside Japan



Examples of CO2 Emissions Reduction Measures by Group Manufacturing Companies outside Japan

Optimized lighting

In the year ended March 31, 2013, Nikon Imaging (China) Co., Ltd. exchanged outdoor lights on the factory premises for LED lighting with solar panels. The company has also been successively replacing the lighting used in corridors in the factory and other common areas, as well as the lights in the substation and the compressor room with LEDs.



LED outdoor lighting with solar panel at Nikon Imaging (China) Co., Ltd.



Nikon Imaging (China) Co., Ltd. Fluorescent-style LED lighting in common areas

In Thailand, Nikon (Thailand) Co., Ltd. is moving ahead with energy conservation for the operational aspects at the factory such as replacing fluorescent lighting on the factory premises with LED lighting, and installing inverters for the air conditioning.

Expanding energy conservation efforts

The CO2 Committee Group, whose members are the in-house environmental officers, conducts energy conservation patrol at Nikon (Thailand) Co., Ltd. As well as making frequent checks of the temperature controls and lighting on their patrols, they also work toward the proper management of air conditioners and lighting.



Display calling for energy conservation posted near light switches at Nikon (Thailand) Co., Ltd.



Energy conservation patrol at Nikon (Thailand) Co., Ltd.

Efforts by Non-manufacturing Facilities

The Nikon Group is also undertaking a range of environmental initiatives to conserve energy, reduce waste, and promote the recycling of resource at non-manufacturing facilities.

Conserving Energy at Offices

All facilities are switching to highly efficient lighting, introducing sensor-equipped lighting, and promoting efficiency for air conditioning equipment and office machinery. Nikon AG (Switzerland) has improved insulation for the building by installing an automated curtain on the exterior of the office building. Nikon Australia Pty Ltd has installed the main control panel for managing lighting for all areas of the office at the main entrance to allow staff to check if the lights have been left on in areas that are not in use. Every summer, the staff placement branch of the Tochigi Office of Nikon Staff Service Corporation installs a green curtain by planting cucumber, bitter gourds and water melon to control rising temperatures inside the office during the summer months.

All offices also routinely strive to conserve energy in the course of everyday business by determining appropriate temperature settings for the air conditioning, using timers to manage lighting, reducing standby power etc.



The Nikon AG office building with its exterior automated curtain



Main control panel for lighting at Nikon Australia Pty Ltd



The green curtain at the staff placement branch of the Tochigi Office of Nikon Staff Service Corporation.

Using Renewable Energy

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



Heat pump system at Nikon AG

Resource Conservation, Waste Reduction, and Recycling

With a view to conserving resources, all offices endeavor to reduce the use of paper cups and other disposable dishes, and to cut back on printing documents to paper. The offices are also promoting waste separation and implementing activities to raise awareness of resource recycling. Nikon Precision Korea Ltd. has been running a campaign to reduce the consumption of paper since July 2013, using the in-house portal website to call on employees to reduce printed matter and to avoid using paper cups. Nikon India Private Limited uses a service that recycles used paper from the office, turning it into notebooks, which are then once again put to use in the office.



Recycling boxes for PET bottles (left) and old newspapers and magazines (right) at Nikon Hong Kong Ltd.



Stickers calling for reducing the amount of paper used (left) and sticker applied to printer (right) at Nikon Precision Korea Ltd. The sticker says “Conserve the global environment. Blank Reverse/Black and White/Both Sides/2 Pages per Sheet” in Korean.



Paper recycling box (left) and notebook made from recycled paper (right) at Nikon India Private Limited



Efforts for Commuting and Commercial Vehicles

All offices are making efforts to introduce eco-friendly cars, hybrid cars or other fuel-efficient vehicles for company cars. Some offices are also encouraging commuting with low environmental impact. For example, Nikon Australia Pty Ltd has provided bicycle parking and shower facilities for employees who commute by bicycle, and is also calling on employees to car pool or use public transportation for their commute instead of the family car.



The bicycle parking at Nikon Australia Pty Ltd

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, 2014, neither Nikon Corporation nor any Group manufacturing company in Japan emitted regulated substances into the air at levels exceeding the standards, but there were six cases of wastewater quality exceeding the legal standards, all of which were restored to normal values after measures were taken.

Protecting Water Resources

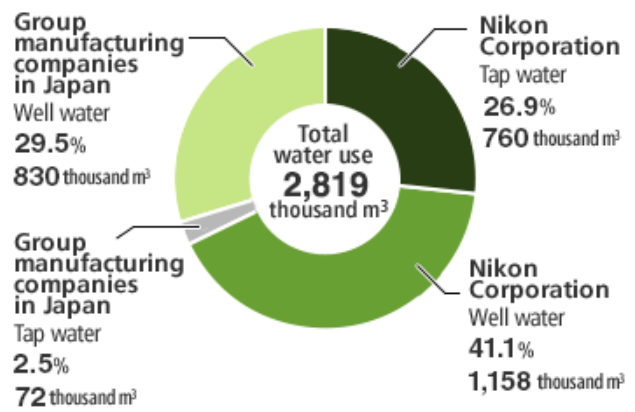
The Nikon Group endeavors to protect water resources and to curb any impact on the environment caused by exhaust gases or wastewater.

In addition to promoting the reuse of wastewater generated in the manufacturing processes, Nikon Group's manufacturing facilities also strictly control the quantities of water used by promoting activities to conserve water.

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, 2014)



* No industrial water is used.

An Example of the Circulative Use of Water

The manufacture of optical components requires large quantities of water resources. The quantities of water resources used by Nikon Corporation's Sagami-hara Plant, which is responsible for an integrated process to manufacture optical materials and process optical components, accounts for about 50% of total use by the Nikon Group in Japan. The waste gas cleaning equipment at the plant uses the largest quantity of water. This equipment removes acid components contained in gas leftover from the glass manufacturing process by using water as an adsorbent. Therefore, the Sagami-hara Plant recovers, recycles and reuses the water used for the waste gas cleaning equipment. As a result, the use of circulated water accounts for 60% of the total water used in the cleaning process at present.



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

Waste Reduction

The amount of waste disposal (excluding valuable resources) during the year ended March 31, 2014 by Nikon Corporation was 2383 tons, while that by Group manufacturing companies in Japan totaled 1413 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

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

In light of the fact that a lot of facilities have already achieved and maintained level 1 now, we added level S to the existing four levels in the year ended March 31, 2014, with which we are striving to achieve a further reduction in our final landfill disposal rate.

Five levels of zero emissions

- Level S: Final landfill disposal rate: less than 0.5% (Added in the year ended March 31, 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%

* 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.

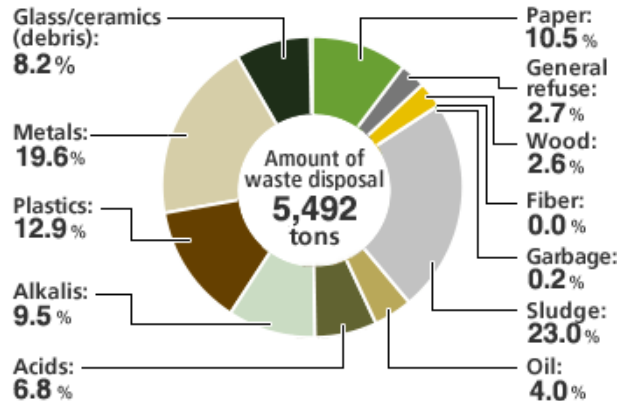
Achievement of Level S and Level 1 Zero Emissions in the Nikon Group (Year ended March 31, 2014)

Level	Company
Level S	Nikon Corporation (All six plants)
	Tochigi Nikon Corporation/ Tochigi Nikon Precision Co., Ltd.
	Sendai Nikon Corporation
	Miyagi Nikon Precision Co., Ltd.
	Kurobane Nikon Co., Ltd.
	TNI Industry Co., Ltd. Nagai Factory
	TNI Industry Co., Ltd. Aizu Factory
Level 1	Nikon Imaging (China) Co., Ltd.

Progress Made by the Nikon Group in Japan

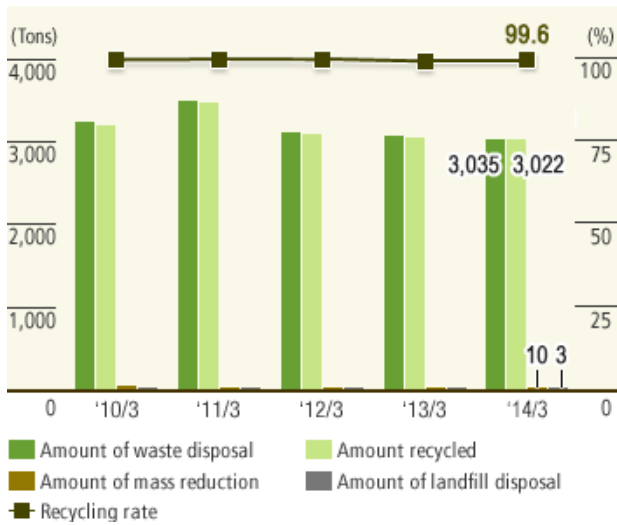
In the year ended March 31, 2014, Nikon Corporation and Group manufacturing companies in Japan with the exception of Hikari Glass maintained level S zero emissions. The recycling rate achieved at these companies was 95.8%, and the landfill disposal rate was improved to 0.2%. The disposal of waste (including the amounts treated as valuable resources) decreased by 8.4% year on year.

Breakdown of Waste Including Valuable Resources at Nikon Corporation and Group Manufacturing Companies in Japan (by category, year ended March 31, 2014)

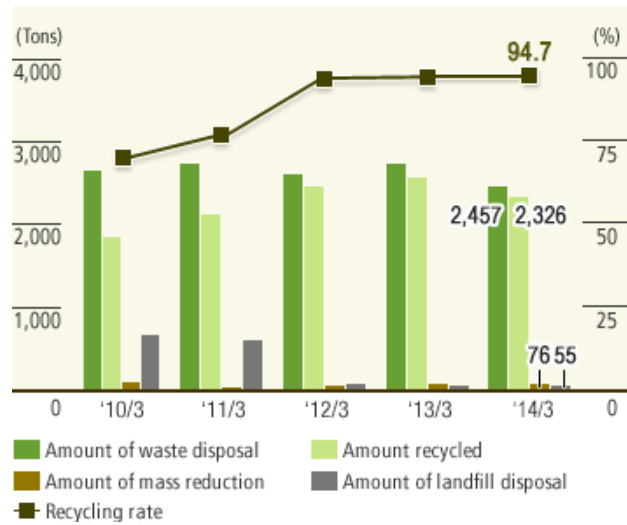


Disposal, Landfill, and Recycling of Waste Including Valuable Resources at Nikon Corporation and Group Manufacturing Companies in Japan

Nikon Corporation



Group manufacturing companies in Japan



Examples of Progress Made by the Nikon Group in Japan

An example of the improvements toward zero emissions can be found at Nikon Corporation's Yokosuka Plant. In the early days after its opening, this plant outsourced the treatment of stainless steel, brass, aluminum residues, and other wastes generated from its manufacturing process as well as used wires, printed boards, and compounds to a waste disposal company. Because the volume of disposal increased with the rise in production volume, the plant later started to sell waste metal and other wastes to recycling companies as valuable resources to recycle them instead of disposing of them. Through this initiative, the plant promptly achieved both a higher recycling rate and a reduction in disposal costs.

Also, 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. This has enabled recycling of sludge containing fluorine. In addition, the rate of recycling of paper waste into valuable

resources was improved significantly. As a result of these and other achievements, Hikari Glass reached level 3 zero emissions in the year ended March 31, 2014.

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

* 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.

Progress Made by Group Manufacturing Companies outside Japan

In China, Nikon Imaging (China) Co., Ltd. commenced activities toward zero emissions since the year ended March 31, 2009. It has assessed the current situation and examined, 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 to those that are able 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, 2014, it retained its level 1 status with a final landfill disposal rate of 0.75%. 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 3 zero emissions in the year ended March 31, 2014.

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 Reduction of Chemical Substances in Manufacturing

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.

Concerning the remaining PCB-containing waste and electrical equipment in use, which are other than highly concentrated PCB containing waste that has been disposed of properly, we plan to gradually dispose of them by the deadline specified in the Law Concerning Special Measure against PCB waste* in consultation with JESCO.

* Law Concerning Special Measure against PCB Waste

Under this law, business operators that have polychlorinated biphenyls (PCBs) in store were required to properly dispose of them by July 2016. As a result of partial revisions to this law in December 2012, the period was extended to March 2027.

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 with a high environmental impact, so as to minimize their use. We will continue conducting research into alternative substances and maintain our efforts to reduce the risk of chemical contamination to as close to zero as possible.

The Nikon Group's PRTR

The Nikon Group in Japan 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 of Japan, by updating the contents of the Guide to include a new section.

Release and Transfer of PRTR Substances (Year ended March 31, 2014)

Nikon Corporation

Unit: kg

Facility		Sagamihara Plant	Kumagaya Plant
Substance no.		384	384
Substance name		1- bromopropane	1- bromopropane
Volume handled		21,754	2,637
Amount released	Air	21,533	2,397
	Public water	0	0
	Soil	0	0
Amount transferred	Sewage	218	0
	Waste	4	0
Amount in on-site landfill		0	0
Amount removed for processing		0	240
Amount shipped in products		0	0

Group manufacturing companies in Japan

Unit: kg

Facility		Tochigi Nikon Precision Co., Ltd.	Sendai Nikon Corporation			
Substance no.		384	88	87	300	384
Substance name		1- bromopropane	Hexavalent chromium compounds	Chromium and trivalent chromium compounds	Toluene	1- bromopropane
Volume handled		8,837	2,172	1,752	1,708	29,042
Amount released	Air	7,181	0	0	854	22,406
	Public water	0	0	0	0	0
	Soil	0	0	0	0	0
Amount transferred	Sewage	0	0	0	0	0
	Waste	0	420	0	854	6,636
Amount in on-site landfill		0	0	0	0	0
Amount removed for processing		0	1,752	0	0	0
Amount shipped in products		1,656	0	1,752	0	0

Unit: kg

Facility		Kurobane Nikon Co., Ltd.		Hikari Glass Co., Ltd.
Substance no.		71	384	405
Substance name		Ferric chloride	1- bromopropane	Boron compounds
Volume handled		5,084	7,300	22,494
Amount released	Air	0	5,091	31
	Public water	0	0	1.7
	Soil	0	0	0
Amount transferred	Sewage	0	0	0
	Waste	0	0	10,510
Amount in on-site landfill		0	0	0
Amount removed for processing		0	0	0
Amount shipped in products		5,084	2,209	11,951

Unit: kg

Facility		TNI Industry Co., Ltd. Nagai Factory		TNI Industry Co., Ltd. Otawara Factory
Substance no.		384	300	185
Substance name		1- bromopropane	Toluene	Dichloropenta-fluoropropane
Volume handled		1,287	1,445	1,584
Amount released	Air	965	1,084	1,462
	Public water	0	0	0
	Soil	0	0	0
Amount transferred	Sewage	0	0	0
	Waste	322	361	0
Amount in on-site landfill		0	0	0
Amount removed for processing		0	0	0
Amount shipped in products		0	0	122

Total

Unit: kg

Total		
Volume handled		107,096
Amount released	Air	63,004
	Public water	2
	Soil	0
Amount transferred	Sewage	218
	Waste	19,107
Amount in on-site landfill		0
Amount removed for processing		1,992
Amount shipped in products		22,774

- * The Oi 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.

* PRTR

In Japan, 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.

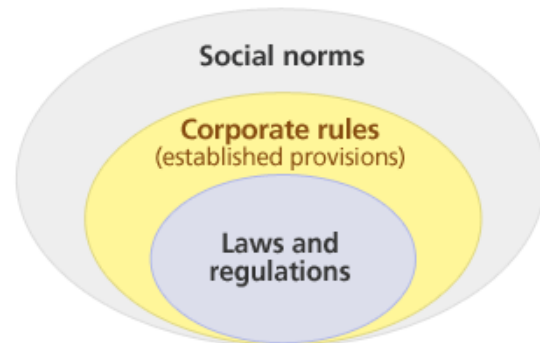
Nikon's Approach to Compliance

The Nikon Group has established its compliance promotion system led by the Business Conduct Committee to make the entire Nikon Group aware of compliance.

Definition of Compliance

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

The Nikon Group's Definition of Compliance



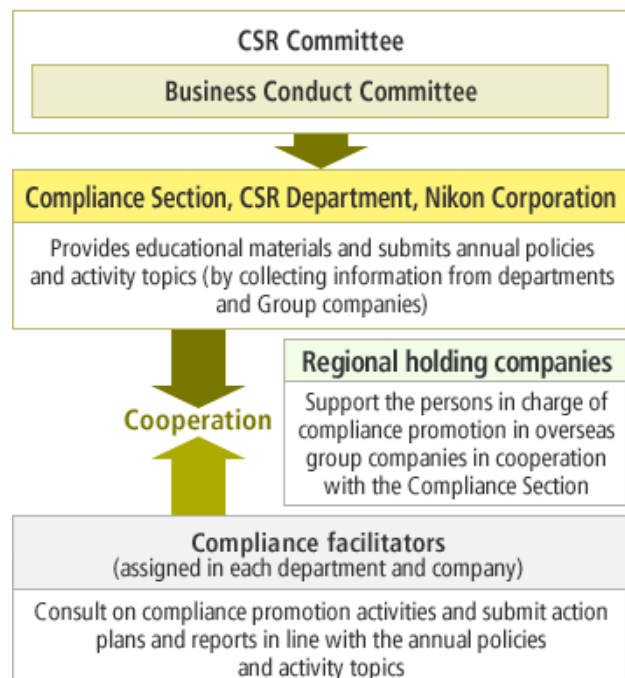
All three are considered to be a part of compliance.

Compliance Promotion

The Business Conduct Committee, chaired by the Senior Executive Vice President of Nikon Corporation, performs the functions of deliberation and decision of the action plans for the purpose of strengthening compliance. The Compliance Section of Nikon Corporation's CSR Department develops compliance activities under the Business Conduct Committee and in cooperation with persons in charge of promoting compliance stationed in the various departments of the company and in Group companies.

Outside Japan, in cooperation with the Compliance Section at head office, regional holding companies are playing a major role in facilitating the promotion activities, in order to promote compliance based on the local situation of each region.

Compliance Promotion



Nikon Code of Conduct

Standards for appropriate behavior as a member of society and a member of the Nikon Group

The "Nikon Code of Conduct" sets the standards of behavior to ensure that each and every individual at Nikon can make proper judgments and act ethically and in accordance with Nikon's rules and with laws and regulations, reflecting an awareness of compliance in his or her regular business activities.

Since its establishment in 2001, the "Nikon Code of Conduct" has been revised several times to respond with flexibility to the changing time.

In April 2011, the "Nikon Code of Conduct" was revised to strengthen the internal control of the Nikon Group and to share a common awareness of the code of conduct on a global scale. Currently, the "Nikon Code of Conduct" is available in 19 languages and is distributed to employees as the unified code of conduct of the Nikon Group companies all over the world.

› [Nikon Code of Conduct \(P80\)](#)



Educational booklet distributed in Japan

Anti-Bribery Initiatives

The Nikon Group has clarified its zero tolerance approach toward bribery in the Nikon Corporate Social Responsibility (CSR) Charter and the Nikon Code of Conduct. Nikon also supports the principles of the United Nations Global Compact covering anti-corruption. As a result of the global reinforcement of anti-bribery laws and regulations around the world in recent years, Nikon established the "Nikon Anti-Bribery Policy" in 2014 to enhance its commitment in this area. In the future, we will develop regional guidelines based on this policy.

› [Nikon Anti-Bribery Policy \(P84\)](#)

Nikon Code of Conduct

Introduction

1. What is the Nikon Code of Conduct?

The Nikon Code of Conduct sets the standards of behavior for Company directors and employees. By following the code, we conduct activities in compliance with all applicable laws and other standards of ethical conduct to practice the Nikon Corporate Social Responsibility (CSR) Charter.

While the Nikon Corporate Social Responsibility (CSR) Charter describes Nikon's basic policy on social responsibility, implementation of the Nikon Code of Conduct by everyone will help to promote our social responsibilities.

2. Scope

The Nikon Code of Conduct applies to all directors and employees of Nikon, as described below. "Nikon" as mentioned herein refers to Nikon Corporation and both its domestic and international subsidiaries, and "we" refers to all directors and employees of Nikon. Other affiliate companies are recommended to apply the Nikon Code of Conduct itself or its contents.

Nikon Code of Conduct

1. Sound corporate activities

1. Compliance

1. We will make every effort to understand and comply with corporate rules, and applicable laws and regulations, governing the conduct of our business in various countries.
2. We constantly endeavor to understand applicable laws related to our business and, when necessary, consult with relevant corporate departments, specialists, administrative authorities, etc.

2. Integrity

1. We will make every effort to comply with applicable rules, operate in a sincere appropriate manner, and strengthen our corporate competencies.
2. We try to control and manage company assets including facilities, equipment, funds, information, intellectual properties and software appropriately to prevent misplacement, theft, damage, etc. We will not use company assets for private or fraudulent purposes.
3. We will not engage in any activities that damage Nikon's reputation or financial interests in order to benefit ourselves or third parties.
4. We cooperate in maintaining social order, and will not engage in antisocial, disruptive activities.

3. Fair Competitions and Transactions

1. Based on the principle of fair and open competition, we promote competing vigorously in the marketplace, but it is our policy to do so by fully complying with all antitrust and other competition laws of governments in applicable countries.
2. We may not enter directly or indirectly into any formal or informal agreement with competitors that fixes prices, allocates markets, eliminates competition, or otherwise unreasonably restrains trade.
3. We exchange legitimate contracts with our customers, suppliers, etc., and adhere to those contracts.

4. Appropriate Purchasing/Procurement with Suppliers

1. We select our suppliers appropriately and fairly. We base our supplier relationships on lawful, efficient and fair practices.
2. We will not exploit our position in business relationships to force onto our suppliers certain unethical conditions or disadvantages, engage in fraudulent activities, or seek personal gain.

3. We also expect our suppliers to adhere to compliance, business ethics, product quality and safety, human rights protection, fair labor practices, health and safety, environmental preservation, information security, etc., and promote socially responsible behavior within our supply chains.

5. Information Management

1. We manage business information including personal information appropriately in accordance with their degree of confidentiality to avoid loss and unauthorized disclosure.
2. We take every reasonable precaution to keep confidential information confidential. The obligation to protect our confidential information continues even after employment terminates. We will not use such information for our own purposes.
3. We obtain personal information only for legitimate business needs. We will not use obtained personal information for any other purpose other than as originally specified.

6. Protection of Intellectual Property Rights

1. We respect the intellectual property rights of third parties. We obtain intellectual property information from third parties using legitimate and appropriate methods. We consult with specialist or other designated section concerning necessary licenses or approvals to use such intellectual property.
2. We cooperate in establishing, protecting and utilizing corporate rights in all Nikon intellectual property assets.

7. Export Control

1. We conduct international transactions which are subject to export control laws and regulations.
2. We need to know, understand and comply with related export control laws and regulations, as well as corporate rules, upon export of hardware (such as products and components), and upon transfer of technical information controlled by export regulations.

8. Insider Trading Prevention

We will not engage in insider trading of securities based on confidential information not available to the general public.

9. Entertainment and Gifts

1. We comply with related laws and regulations regarding provision/receipt of entertainment and gifts to/from our customers, suppliers, etc., and engage in such practice to the extent necessary and reasonable under social norms. We will not provide or receive entertainment and gifts within the Nikon group.
2. We will not provide entertainment and gifts to a supplier, vendor, customer, or any other person in exchange for assistance or influence, or upon the understanding that such assistance or influence has been or will be rendered, in connection with any business transaction affecting the company. Similarly, we will not accept entertainment and gifts from suppliers, vendors, customers or other persons under circumstances which may be interpreted as potentially influencing a decision involving a business transaction.
3. We will report to our superiors on all provision/receipt of entertainment and gifts, except for gifts of nominal value that are normal and customary given the business circumstances.

10. Relationships with public authorities

1. We are committed
to maintain sound and sincere relationships with domestic and international public authorities and public service personnel,
to comply with related laws and regulations, and
to strive to avoid corruption. Should the possibility of violation of related laws or regulations arise, we will immediately report the situation to our superiors and take appropriate measures.
2. We take every care to avoid behavior that might raise suspicions of bribery.

2.Provision of valuable goods and services for society

1. Understanding Expectations and Demands

1. We contribute to society by actively communicating with our stakeholders to understand their expectations and demands, and by providing to society useful products and services reflecting such expectations and demands.
2. We try to respond to inquiries and requests fairly and promptly. We are committed to providing useful and accurate information in an easy-to-understand form to stakeholders to enable them to make sound decisions and judgments.

2. Safety and Security

1. We take the utmost care in the quality and safety of our products and services.
2. We provide user-friendly instructions and other information so that our products and services may be used safely. Should safety issues arise, we will follow prescribed rules to promptly implement appropriate measures such as product recalls, and simultaneously make efforts to prevent recurrence.

3. Respect for Human Beings

1. Respect for Human Rights

1. We are dedicated to equal employment opportunity. We are committed to compliance with applicable employment laws everywhere we operate, including applicable international human rights laws and regulations. We do not tolerate unlawful harassment and discrimination, but respect the unique individuality of each and every person.
2. We will not engage in any forced labor or child labor and request our suppliers to follow suit.

2. Comfortable and Safe Working Environment

1. We mutually accept different opinions and values, provided they do not unlawfully infringe on the rights of others, and work together as one to create a working environment where we can all perform at our best.
2. We comply with laws and regulations related to labor as well as health and safety to ensure a comfortable and safe work environment.

4. Protection of the Natural Environment

1. We conduct environment-oriented business operations, and work to increase environmental awareness in order to contribute to a sustainable society.
2. We strive to reduce environmental burdens in all stages of our business operations—from procurement of raw materials to development, manufacturing, logistics, sales, use, services, and finally disposal—and provide environmentally friendly products and services.
3. We not only comply with environmental laws and regulations, but also actively strive for appropriate use and management of chemical substances, waste reduction, etc. We also make assertive efforts to reduce CO₂ emissions, such as implementing energy-efficient facilities and energy conservation.
4. We strive for resource conservation, efficient use, re-use and recycling so as to realize sustainable use of limited resources.

5. Responsibility to Society as a Corporate Citizen

1. As members of Nikon, we try to understand and respect the cultures and customs of each country and region in which we do business.
2. We understand and actively cooperate with Nikon's basic philosophy on social contribution activities.

6. Transparent Operating Activities

1. We promote fair and open communication with our stakeholders. We try to disclose useful and proper information in a timely manner to further the interests of the parties.
2. We follow appropriate accounting practices based on facts to realize timely and proper information disclosure. We will not engage in inappropriate accounting practices to secure profits, achieve sales budgets, fulfill budgeted expenses, or for any other reason.

7. Responsibility of Top Management

1. Executives and organization supervisors will take the initiative in complying with this Code, and strive for thorough compliance with this Code, within its pertinent organizations.

2. Executives and organization supervisors will operate pertinent organizations objectively and fairly, and actively promote communication among its members.
3. Should violations or potential violations of this Code be reported to the company, executives and the organization supervisors will immediately investigate the facts, resolve, as appropriate, and take measures to prevent recurrence.

Closing

1. Consequences of Violation

Violation of the Nikon Code of Conduct may result in disciplinary actions by the company, up to and including termination of employment and/or in proceedings by government authorities, etc.

2. Reporting/Consulting System

If you become aware of a violation or a potential violation of the Nikon Code of Conduct, please report it immediately to or consult with your immediate superior. When reporting to or consulting with your superior is difficult, please report to the Reporting/Consulting Office or designated section/person of your company.

Personal information of the reporting or consulting individual will be managed appropriately, and the individual will receive neither disadvantageous treatment nor retaliation because of the reporting or consulting.

3. Establishment, Revision, Discontinuance

Establishment, revision and discontinuance of the Nikon Code of Conduct shall take place first with a proposition from the chair of the Business Conduct Committee, next an application to the Executive Committee of Nikon Corporation, and then a final decision. Minor changes will be decided by the Business Conduct Committee chair.

Nikon Anti-Bribery Policy

Established April 21, 2014

Nikon proves worthy of the trust given by society under its corporate philosophy "Trustworthiness and Creativity", and has clarified its zero tolerance approach against bribery in Nikon Corporate Social Responsibility (CSR) Charter and Nikon Code of Conduct.

By establishing this policy, Nikon will fulfill its group-wide commitment to the prevention of bribery in all countries and areas where it conducts business, to enhance the relationship of trust with society.

- **SCOPE**

This policy applies to all directors and employees of Nikon ("Employees"). Nikon mentioned herein refers to Nikon Corporation and its subsidiaries.

- **RESPONSIBILITY**

Responsibility for compliance with this policy is with top management who will immediately investigate the facts, and take appropriate actions, should any violations or potential violations of this policy occur.

- **POLICY STATEMENTS**

1. **Prohibition of Bribery**

Nikon prohibits the providing, offering or promising of money, benefit or other advantage ("Benefit"), directly or indirectly, to another person or entity, for the purpose of securing an improper advantage. Nikon also prohibits the accepting or requesting of improper Benefit.

2. **Dealing with Public Officials**

Nikon will never provide, offer or promise bribes to public and quasi-public officials (including but not limited to officers or staff of national or local governments, government-controlled enterprises, government-controlled hospitals, political parties, etc., "Public Officials"). Nikon will conduct its business activities in compliance with applicable anti-bribery laws and regulations of relevant countries.

3. **Dealing with Third Parties**

Nikon will never provide, offer or promise bribes to Public Officials through third parties such as agents and / or consultants. Nikon will select and assess the third parties from the perspective of anti-bribery compliance before starting business transactions, and requests their pledges against bribery when necessary. When undertaking investment activities, Nikon will perform due diligence including evaluation of bribery risks, of target companies in merger and acquisition transactions or prospective joint venture partners.

4. **Accurate Record-Keeping**

Nikon will keep accounting books accurately based on facts and maintain related vouchers appropriately, under its sound internal control system, to demonstrate its compliance with this policy and applicable anti-bribery laws and regulations of relevant countries.

5. **Risk Assessment and Guidelines**

Nikon will assess the bribery risks facing its business as appropriate, and review this policy when necessary. In addition, regional or individual company guidelines will be established by relevant group companies based on this policy.

6. **Training and Reporting**

Nikon will communicate this policy and applicable guidelines to Employees through education and training, and will require Employees to comply with them. Nikon will develop a reporting framework in order to prevent or correct any violations of this policy or applicable guidelines.

7. **Consequences of Violation**

Violation of this policy and / or applicable anti-bribery laws and regulations of relevant countries may result in disciplinary actions by the relevant Nikon group company, and may also result in such other action, including legal action, by appropriate government authorities.

8. **Revision or Discontinuance**

This policy is drafted by the chairperson of the Nikon Business Conduct Committee and approved by the Executive Committee.

Compliance Promotion Activities

At the Nikon Group, we strive to raise and disseminate compliance awareness to enable individuals to make suitable judgments and act appropriately in any given business situation.

Establishing a Group Anti-Bribery Policy

The Nikon Group has clarified its zero-tolerance approach toward bribery involving public authorities and business partners in the Nikon Corporate Social Responsibility (CSR) Charter and the Nikon Code of Conduct. We support the principles of the United Nations Global Compact covering anti-corruption.

In recent years, there has been an international trend toward developing, enacting and strengthening legislation to stamp out bribery. This trend has been evident in countries including the United States, where enforcement of the U.S. Foreign Corrupt Practices Act (FCPA) has been strengthened, and the United Kingdom, where the Bribery Act was enacted and has been reinforced.

In April 2014, to reiterate the Nikon zero-tolerance approach toward bribery, we established the Nikon Anti-Bribery Policy after evaluating the bribery risks and surveying opportunities to interact with public officials in the course of work by interviewing employees who had returned from postings outside Japan. Going forward, we will inform the whole Group of this policy to ensure that it will be known to all employees. We will also develop guidelines suited to the realities on the ground in each region.

Providing All Group Employees with Compliance Education

The Nikon CSR Charter represents basic policy on corporate social responsibility in the Nikon Group. In February 2013, we revised the content of the Nikon CSR Charter to clarify corporate social responsibility in the supply chain. In responding to the revision, we provided compliance education to inform employees of the revised content as an important theme in the fiscal year ended March 31, 2014.

We implemented compliance education through e-learning as well as group training conducted by compliance facilitators at all departments and companies in and outside Japan. To emphasize local characteristics, regional holding companies take the lead on specific training activities outside Japan.

As of the fiscal year ended March 31, 2014, we also started to distribute a global compliance newsletter named Compliance Insight as a new initiative. The newsletter takes up compliance related news reported around the world and explains the thinking on compliance in the Nikon Group in an accessible way. At present, the newsletter is available in three languages (English, Chinese, Japanese) in and outside Japan.

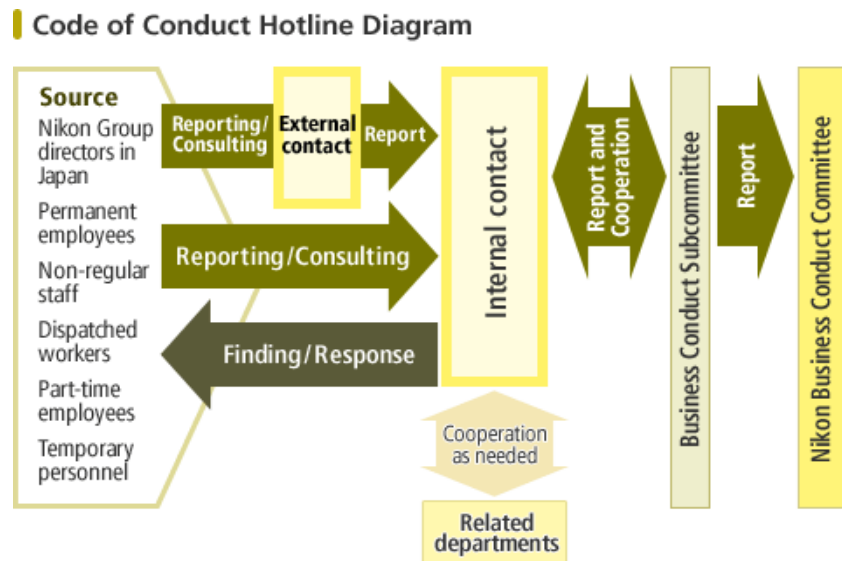
Also, the members of the Compliance Section at the CSR Department and members of the compliance divisions at regional companies attend external seminars to improve their understanding and take in the latest information about compliance.



The global compliance newsletters

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 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 fiscal year ended March 31, 2014, the hotline was used 50 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.



Group companies outside Japan also have their own reporting/consulting hotlines. In the Americas, an external hotline has been established with the help of an external specialist firm. Since the hotlines have a low track record of use, we will conduct information campaigns through the holding companies in each region.

Global Awareness Survey

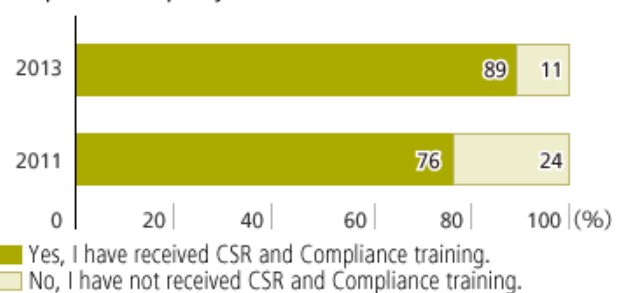
The Nikon Group conducts monitoring on a global scale through awareness surveys among its employees in an effort to understand the degree of penetration of our Corporate Philosophy and awareness of the Code of Conduct, as well as the implementation of compliance education, which are then reflected in the development of promotional activities. In the fiscal year ended March 31, 2014, we expanded the awareness surveys already conducted in Japan, China and Europe to other regions, and we also made efforts to standardize the questions on the awareness survey for all regions. We reported a regional comparison of the standardized questions to the Business Conduct Committee meeting held in December 2013. In the future, we will revise the questions in line with circumstances, analyze regional comparisons and changes over time, which will be reflected in the activities to promote compliance.

Results of the Awareness Survey in Japan

The Nikon Group in Japan (including five non-consolidated Group companies, but excluding the two equity method affiliates) uses the e-learning system to survey all employees on their awareness of compliance. Since some departments and companies have inadequate access to the Internet, their employees were surveyed using hardcopy questionnaire forms and we make every effort to encourage more people to respond. In the fiscal year ended March 31, 2014, the response rate was 92% (12,813/13,894). The results are fed back to each department and company without identifying the individual respondents. Departments with unfavorable results are directly requested by the Compliance Section to make improvements.

CSR and compliance awareness survey in Japan (implemented in October 2013)

Have you received CSR and compliance training in the workplace in the past year?

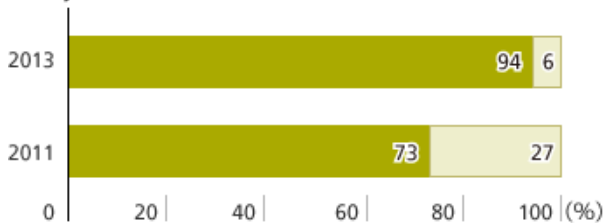


Results of the Awareness Survey outside Japan

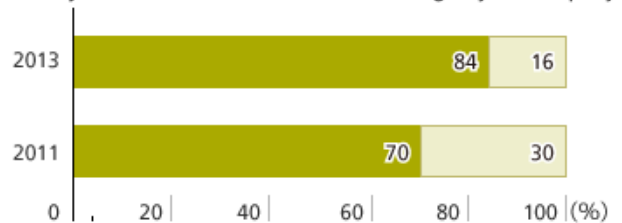
Outside Japan, the Nikon Group conducts the awareness surveys through the holding companies in each region. In the fiscal year ended March 2014, 1,579 PC owners at eleven companies in Greater China (including two non-consolidated Group companies) were surveyed for the third time with a response rate of 94% (1,481 respondents). We found that the results for all questions confirming familiarity with the activities are improved in comparison the first survey. In addition, we conducted the awareness survey for the second time at 20 regional companies in Europe. We also conducted the survey for the first time at ten regional companies in the Americas, eight companies in Asia (including two non-consolidated companies), and three companies in South Korea. The holding companies in each region fed back the results to each of the companies.

CSR and compliance awareness survey in Greater China (implemented in May-June 2013)

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



Have you received Code of Conduct training at your company?



■ Yes, I have read the Nikon CSR Charter and CoC.
 ■ No, I have not read the Nikon CSR Charter and CoC.

■ Yes, I have received CoC training.
 ■ No, I have not received CoC training.

* In terms of CSR activities, Greater China refers to China, Hong Kong and Taiwan. Asia refers to other Asian countries with the exception of Greater China and South Korea, while including Oceania and Middle East.

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, 2014, disciplinary action against the offender (and their managers/supervisors) was taken in two cases at Nikon Corporation and five 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.

Nikon Group HR Vision

We have established Nikon Group HR Vision based on the foundation that Nikon seeks employees that follow our company philosophy of "Trustworthiness and Creativity". This new vision also indicates Nikon goals for global talent management. We will spread this vision throughout all Nikon Group Companies.

Nikon Group HR Vision

Established March 25, 2013

To achieve future growth of Nikon, the Nikon Person Core Competencies are defined. All Nikon employees need to act with these core competencies in mind.

Human Resource Management activities include recruitment, development, and deployment of the right people, in the right place, at the right time performed in order to promote diversity.

Nikon Person Core Competencies

- **Seek new knowledge**

It is necessary to keep honing your job skills and knowledge, and have unconventional creative power that generates new ideas without adhering to stereotypes. You need inquisitive spirit to stay ahead and demonstrate results that exceed other's expectations as well as an enduring passion to achieve goals.

- **Display integrity**

Never forget to make diligent and sincere efforts. Self-discipline and respect for others will establish your credibility. Seek to communicate fairly with others with a cheerful attitude.

- **Be pro-active**

When taking actions, it is necessary to broaden your perspective, accept changes, be flexible, devise strategies, make bold decisions, and act with agility. Take ownership and lead your teams while also promoting independent activities and efforts.

- **Communicate well**

In a business environment where speed is emphasized, the ability to involve everyone concerned, share common issues, and solve problems quickly are required. To foster global teamwork and networking, the ability to communicate with empathy is needed.

- **Embrace diversity**

It is important to respect and understand different races, religions, gender, ages, and national origins. Demonstrate your courage and creativity to experience new values.

Nikon Corporation Human Resources Department

Personnel System / Human Resource Development / Labor-management Relations

Global Human Resources Management

The globalization of human resources is one of the most urgent tasks at Nikon Group. To respond to these challenges, we created the Nikon Group HR Vision as a common platform to develop global talents in the year ended March 31, 2013. We delivered this vision to all the Nikon Group employees through the intranet, internal newsletters, internal training and other means. We also used new employee training, training for mid-career employees, and a program to develop future leaders held in fiscal year 2014, as an opportunity to penetrate the HR vision.

Measures for Global Human Resources Management

In the year ended March 31, 2014, we held a next-generation leader training program in Tokyo in order to develop future global leaders who can proactively contribute on a global scale and build global human network. In this four days program, the participants from across Nikon Group got a deep understanding of the history of Nikon and discussed the challenges Nikon Group is currently facing to foster the future growth. This program had held twice in total by now, and 36 people from 10 countries had taken part.



Next-generation leader training

In the year ended March 31, 2013, we held the Global Human Resources Management Meeting, to which we invited HR managers from major countries.

We also held this meeting in NY (US) and Amsterdam (the Netherlands) in the year ended March 31, 2014. The purpose of these meetings is to globalize HR function across Nikon Group as well as to establish infrastructure to develop global talents. In the year ended March 31, 2014, the meeting discussed initiatives for building a talent management system and future important measures.

Global Human Resources Management Meeting had been held for Group companies that engage in sales. In the year ended March 31, 2014, we held a meeting for Group companies that engage in production. In this meeting, the common challenges that each company faces in production were shared and discussed.

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

Respect for Human Rights

In the Nikon CSR 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 affirms the UN Global Compact. 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.

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 using e-learning in Japan. In the year ended March 31, 2014, 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 are conducted every year to not only to know the Group's actual situation, but to increase awareness of the issues. They cover a broad range of topics; human rights and labor, such as child and young workers, labor unions, and cases of discrimination as well as disciplinary actions. The survey results are reported at the CSR Committee and if any problems are detected, we will communicate with a group company for reconfirmation and instructions will be given for corrective action. In the year ended on March 31, 2014, we conducted a monitoring survey of 65 companies in total, including five non-consolidated Group companies. No serious problems have been identified in the surveys conducted to date. 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 Group company is notified of the results. Through the surveys, we will continue to identify the actual situations of each Group 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 four levels (Junior Staff, Mid-Level Staff, Senior Staff, and Professional/Management) according to their abilities and clearly states their respective responsibilities. We also have a dual track system, namely, professional track and a management track, where employees are given the opportunity to consider in what forms they want to contribute to the company. In addition, the company strives to create an environment where work can be performed with a constant awareness of objectives and purpose. To this end, the company has introduced various systems, including one in which subordinates meet with their managers to decide on the specific targets they will pursue.

Human Resource Development

Nikon Corporation has built a training system based on the ability indicators linked with its personnel system. 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 three types: mandatory training, business skills training (including foreign language training), and engineer training. In the year ended March 31, 2014, Nikon Corporation held a total of 153 mandatory training and business skills training courses, which were attended by a total of 3,216 employees. In addition, 237 engineer training courses were held for a total of 5,551 employees. An average Nikon Corporation employee spent 2.42 days in training during the year.

Employees of Nikon Group companies in Japan also attended training sessions of Nikon Corporation, and the Group companies provide their employees with meticulous education, by introducing their own human resource development and training programs, for example.

Labor-management Relations

Nikon Corporation has two labor unions, each comprising 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, 2014, the Nikon Labor Union has 4,997 members, while the JMIU Chapter consists of four, for a total of 5,001. 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 Group companies outside Japan, 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 good.

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.

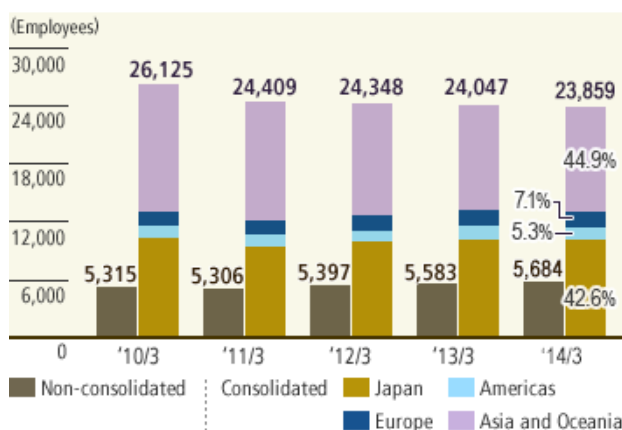
Vigorous Activities Demonstrated by Diverse Employees

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

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. At Nikon Corporation, training programs for managers include content designed to share an understanding of diversity.

Employee Numbers (Non-consolidated, Consolidated)



*Consolidated figures include permanent and non-regular staff of the Nikon Group and director of Group companies. 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.

Average Ages

Unit: year old

		'10/3	'11/3	'12/3	'13/3	'14/3
Men	Nikon Corporation	43.5	43.9	44.0	44.4	44.7
	Group companies in Japan	39.9	41.2	41.1	41.8	42.4
	Group companies outside Japan	-	35.8	36.0	36.3	37.2
Women	Nikon Corporation	38.0	38.4	38.6	39.0	39.3
	Group companies in Japan	39.4	41.4	41.7	42.5	43.2
	Group companies outside Japan	-	29.4	29.6	31.8	32.6

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

* Includes Nikon Corporation employees who are temporarily dispatched to affiliated companies.

Average Years of Service

Unit: years

		'10/3	'11/3	'12/3	'13/3	'14/3
Men	Nikon Corporation	19.5	19.8	19.9	19.9	20.1
	Group companies in Japan	14.5	15.7	14.5	15.2	15.5
	Group companies outside Japan	-	7.6	7.2	7.8	8.4
Women	Nikon Corporation	14.4	14.6	14.8	14.7	14.8
	Group companies in Japan	15.3	16.9	15.5	16.5	16.9
	Group companies outside Japan	-	4.8	5.2	6.1	7.1

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

* Includes Nikon Corporation employees who are temporarily dispatched to affiliated companies.

Turnover

Unit: people

		Nikon Corporation		Group companies in Japan		Group companies outside Japan	
		Men	Women	Men	Women	Men	Women
'10/3	Retirees	133	4	19	2	17	2
	Others	59	7	62	29	160	80
'11/3	Retirees	154	3	42	1	17	10
	Others	78	11	56	14	154	61
'12/3	Retirees	149	4	49	7	16	6
	Others	70	10	66	31	191	93
'13/3	Retirees	189	7	50	7	25	8
	Others	40	11	55	18	182	93
'14/3	Retirees	143	3	38	8	11	13
	Others	102	9	61	20	221	131

* Permanent employees and non-regular staff in the Nikon Group (consolidated). Group manufacturing companies outside Japan exclude Nikon (Thailand) Co., Ltd., Nikon Imaging (China) Co., Ltd. and Hikari Glass (Changzhou) Optics Co., Ltd..

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. For example, we hold self-fulfillment seminars to help female employees develop their skills and build networks. In the self-fulfillment seminar held in the year ended March 31, 2014, six women participated from Nikon Corporation and 15 from Group companies in Japan, bringing the cumulative total of women who have attended such seminars to 493.

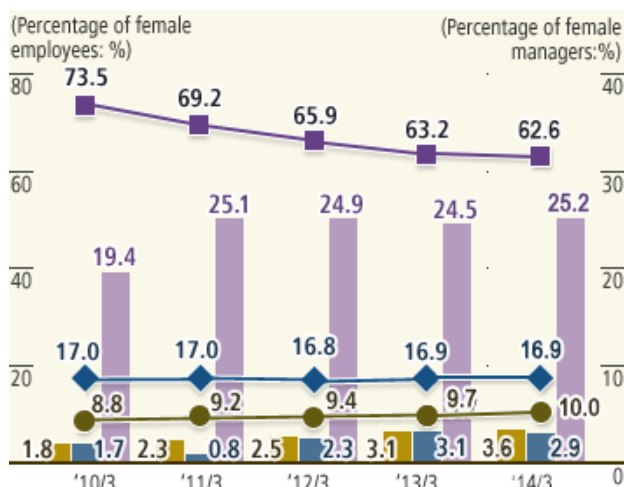


Nikon Corporation has set a target of increasing the rate of women employees to at least 10% of the total number (permanent employees and non-regular staff) by the end of March 2014. To achieve this target, in our recruiting activities, we have participated in some joint job fairs for women and held events for women such as informal gatherings with our female engineers. We have also been improving the work environment to help employees achieve work-life balance and thereby increase the female employee retention rate. As of March 31, 2014, although the number of male employees increased as a result of proactively reemploying retired personnel, the rate of female employees rose to 10.01% and we achieved the target. We will continue to take measures to increase the ratio of female employees.

Furthermore, Nikon Corporation had 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 a result, as of the end of March 2014, Nikon Corporation had 47 female managers, which means we have achieved the target earlier than planned. Consequently, females accounted for 4.4% of those in department manager or higher positions while taking up 3.5% in the section manager positions. The company will take steps to raise the ratio of females in management positions* to 5.0% by the end of March 2017, which is its next target.

* Including those in positions other than department manager or higher and those in section manager positions

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.

* Group companies outside Japan include Nikon (Thailand) Co., Ltd., Nikon Imaging (China) Co., Ltd. and Hikari Glass (Changzhou) Optics Co., Ltd.

* Managers at Nikon Corporation include those in positions other than department manager or higher and those in section manager positions.

Mentor system

Nikon Corporation has introduced a mentor system to support career development of females. In the year ended March 31, 2014, we implemented this mentor system for six months targeting 20 people (ten mentor-mentee pairs), with directors and managers serving as mentors. This prompted the mentees to view themselves objectively. In the reporting session of the participants, they gave comments about clues for daily work they obtained such as “I obtained clues for subordinate development” and “My challenges were clarified” as well as “I was made aware of what I need to achieve personal development.” We will continue to implement this system in the year ending March 31, 2015 and onward, to help our employees with their career development.

Maintaining a Diverse Workforce

Nikon Corporation aims to achieve true globalization and diversity 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 took part for the first time in an employment forum held in Boston (United States) to recruit Japanese students who are studying outside Japan and want to join Japanese companies after graduation. In the year ended March 31, 2013, we began participating in similar employment forums in Australia to recruit Japanese students studying overseas and students of foreign nationality.

Nikon Corporation also employs new graduates in the fall (October), in addition to April, in consideration of the fact that some people study under educational systems that are different to that of Japan.

We also hold recruitment events to provide women with more employment opportunities and are proactively working to employ foreign students studying in Japan and people with disabilities.

Reemployment System for Retirees

Nikon Group in Japan has introduced a system under which employees could continue to work actively for the company after reaching the retirement age of 60. In the year ended March 2014, about 80% 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. In the year ended March 2014, about 180 employees attended this seminar.

Supporting People with Disabilities

Nikon Group aspires to establish an environment that enables each and every employee to make the most of their personal quality and ability regardless of any disability.

As an initiative to achieve this, we established Nikon Tsubasa Inc., a special subsidiary of Nikon Corporation in 2000. Supported by experienced staff and instructors, a total of 34 employees worked for the company as of March 31, 2014, under the principle of being independent members of society. They are mainly engaged in parts processing, assembly, packaging, and document digitization, fulfilling work orders from Nikon Group companies. In recent years, Nikon Tsubasa has been engaged in disassembly of camera parts, which is aimed at recycling the parts, and inspections of finished glass products, among other tasks. The Nikon Group is striving to give Nikon Tsubasa more work orders.

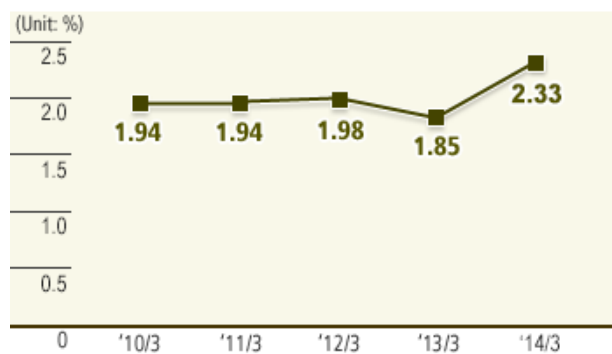


Nikon Tsubasa Inc.

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 2012 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 holds tours of its workplaces. In the year ended March 31, 2014, a total of 235 people from 16 companies, including Nikon Corporation, participated in the tours. Furthermore, Nikon Tsubasa is supporting the social inclusion and work of people with disabilities by accepting 14 trainees from welfare facilities and schools for the disabled.

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



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

Extending Support to Contract Workers

Nikon Corporation assigns fixed-term workers and dispatch workers to each business department in accordance with our staffing plans and provides them with training as necessary.

Supporting Diverse Work Styles

Nikon Group is developing systems and measures to enable employees to peacefully make the most of their abilities, and produce 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 staggered 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 the fiscal year ended March 2014, 9 females participated in the staggered work shift, and 11 males and 66 females in the short-time work program.

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 from infants to the third grade or to sixth grade if needed on the sound growth.

Nikon Corporation has obtained the Kurumin Mark certification for two consecutive terms, or in 2008 and 2011, as a result of providing childcare support that exceeds the legally required standards. In addition, we developed Phase 3 of the General Business Owner Action Plans in April 2011. Under these plans, we are going to implement measures including "creation of an environment that makes it easy employees to take childcare leave and return to work from leave" by March 31, 2015. We are steadily making preparations, aiming to institute these systems in our Group companies in Japan as well.



In 2013 and 2014, Nikon Corporation was selected as one of the Nadeshiko Brand companies for two consecutive years, 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

		'10/3	'11/3	'12/3	'13/3	'14/3
Nikon Corporation	Men	2	3	4	7	3
	Women	29	21	15	16	22
Group companies in Japan	Men	0	0	1	1	1
	Women	15	28	28	35	32

* Permanent employees and non-regular staff

* Employees of equity methods affiliates are excluded.

Number of Employees Taking Maternity Leave

Unit: people

	'10/3	'11/3	'12/3	'13/3	'14/3
Nikon Corporation	18	19	17	16	23
Group companies in Japan	19	20	13	31	22

* Permanent employees and non-regular staff

* Employees of equity methods affiliates are excluded.

Number of Employees Taking Nursing Care Leave

Unit: people

		'10/3	'11/3	'12/3	'13/3	'14/3
Nikon Corporation	Men	2	1	1	1	2
	Women	0	1	2	0	0
Group companies in Japan	Men	3	6	1	0	0
	Women	3	5	3	1	2

* Permanent employees and non-regular staff

* Employees of equity methods affiliates are excluded.

Re-entry System

In May 2014, Nikon Corporation introduced a system under which former employees with specialized skills or extensive work experience who left the company for child care, family care, spouse's job transfer or other unavoidable reasons can try to rejoin the company. We will continue striving to establish an environment that permits employees with motivations and excellent skills to try to rejoin the company or continue to work for the company.

Telecommuting

Nikon Corporation has introduced telecommuting systems at those departments with a particularly strong need. In the year ended March 31, 2014, the company continued to run the systems at the same departments as the previous year. 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.

Volunteer Leave System

Nikon Corporation allows employees to take leave to participate in volunteer activities that the company considers make 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 employees who participate in activities for the recovery of the afflicted areas.

Health and Safety of Employees

Health and Safety Management System

Nikon Group maintains the Nikon Group Health and Safety Goal 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 be committed to work with enthusiasm and vitality. 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 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.

Health and Safety of the Nikon Group for the Year Ended March 31, 2014

Goal: Eliminating causes of diseases and labor accidents through prevention to secure the health and safety of individuals and workplaces

The Four Policies:

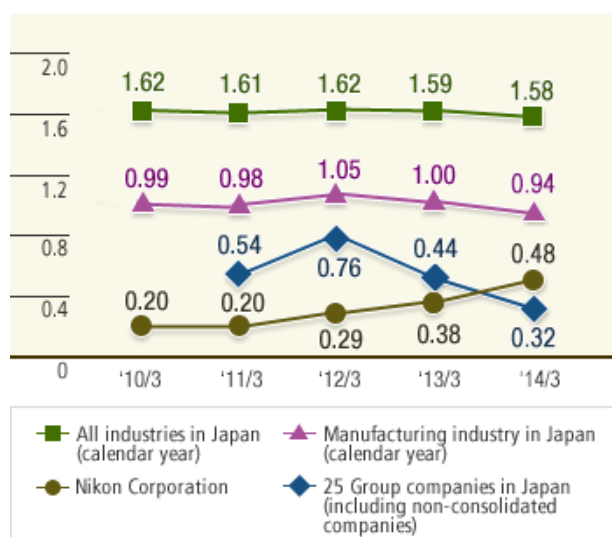
- Fulfilling obligations for CSR and health and safety considerations
- Establishing a comprehensive health management system
- Revising and enhancing training programs
- Establishing a system for group-wide cooperation

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, training is provided for Health and Safety Managers and Persons 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, 2014, 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.

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



Group companies outside Japan 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 Group bases outside Japan. We will collect basic health and safety data from Group companies outside Japan as the first step to meet this challenge.

* Frequency rate

The number of deaths and injuries resulting from labor accidents per million man-hours worked, which is used as an index for the frequency of labor accidents.

* Severity rate

The number of work days lost per 1,000 man-hours worked, which is used as an index for the severity of labor accidents.

Severity Rates at Nikon Corporation and Group Companies in Japan

	'10/3	'11/3	'12/3	'13/3	'14/3
All industries in Japan (calendar year)	0.09	0.09	0.11	0.10	0.10
Manufacturing industry in Japan (calendar year)	0.08	0.09	0.08	0.10	0.10
Nikon Corporation	0.00	0.00	0.00	0.70	0.01
25 Group companies in Japan (including nonconsolidated companies)	-	0.01	0.01	0.01	0.00

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

Supporting the Health of Employees Transferring from Japan to Group Companies outside Japan

For employees that are transferring from Japan to Group companies outside Japan, 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 outside Japan. 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 Overtime Work

Nikon Group focuses on preventing employees from working overly long overtime hours. The company has worked to prevent excessive works, by encouraging to take paid holidays in a planned manner, adopting the flextime system partially, and designating No Overwork Days and Short Overtime Days. As of the end of March 2014, the flextime system was applied to 2,746 employees (2,422 males and 324 females).

Moreover, Nikon Corporation has fostered measures to prevent health damage caused by excessive overtime work in addition to taking prevention measures and making ex-post responses in a multifaceted manner. Every year, the company drives the Worktime Campaign for a certain period in a bid to review measures and raise awareness of employees. In the year ended March 31, 2014, the company revised the Cooling System that is intended to prevent excessive overtime work and workload concentration to certain individuals and its standards for implementation of physical checkups for those who are thought to be overworked. The company has thus strengthened its measures for preventing health problems caused by excessive overtime work.

Mental Health Care

Nikon Group is fostering mental health care at each of the Group companies. In April 2013, Nikon Corporation strengthened its mental health care system by inviting psychiatrists to serve the company concurrently as advisors and industrial doctors who are responsible for overall mental healthcare issues for the company. It has also built up a consultation system under which medical 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, and human resource departments. In the year ended March 31, 2014, a mental health seminar was given to all department managers of Nikon Corporation as a measure for improving mental health management at workplaces. In the year ending March 31, 2015, the company will provide manager training for its section managers to secure mental and physical health of its employees from the viewpoint of preventive medicine.

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 HR department, 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.

Social Contribution Activities

The Nikon Group actively engages in supportive social contribution activities, adopting the basic policy of contributing to the achievement of a wholesome society as a good corporate citizen. In line with this policy, Nikon Group conducts social contribution activities around the world in six fields- "Environment," "Education," "Local Community Support," "Welfare," "Reconstruction Assistance" and "Photographic and Image Cultures."

Environment

Nikon's environmental activities include organizing the International Children's Painting Competition with the United Nations Environment Programme (UNEP) and others, and participating in reforestation and forest development projects.

The International Children's Painting Competition

In an effort to raise environmental awareness amongst children, on whose shoulders the future rests, Nikon has been organizing the International Children's Painting Competition on the Environment with the United Nations Environment Programme (UNEP) and the Japan-based Foundation for Global Peace and Environment.

Based on the theme of "Food Waste," the 23rd competition ran from 2013 to 2014 and received a total of 69,375 entries. 56 of those entries were then selected to receive prizes. The award ceremony took place in June 2014 on the opening day of the United Nations Environment Assembly in Nairobi, Kenya, where UNEP has its headquarters. This 1st prize global winner, 13-year-old Sami Asim Khan from the United States, and six other top-ranked winners were invited to attend.



The painting by 1st prize global winner Sami Asim Khan

Nikon also seeks to spread children's messages about the importance of environmental conservation by showcasing the winning entries at exhibitions.

Participating in Reforestation and Forest Development Projects

As a member of the group promoting the Mt. Fuji Restoration Project, organized by the Organization for Industrial, Spiritual and Cultural Advancement-International (OISCA), Nikon takes part in cooperative projects aimed at restoring biodiversity to the Fuji-Hokuroku area. Having finished reforestation activities, planting trees across an area of 100 hectares over the course of five years, the company has been working on forest development activities since 2012. As well as providing support for forest maintenance and management, Nikon Group employees and their families continue to participate in volunteer activities every year. 27 people took part in activities in May 2014.



Activities as part of the Mt. Fuji Restoration Project in May 2014

In Thailand, Nikon supports the Children's Forest Program, an international project organized by OISCA. In June and July 2013, employees from Nikon and Nikon (Thailand) Co., Ltd. took part in tree planting activities at schools and in local communities in northern Thailand.

Education

The Nikon Group is actively committed to providing educational support for the next generation, on whose shoulders the future rests. We continue to engage in communication with those involved in education on the ground, so that we can grow together rather than merely providing support.

Nikon Scholarship Program in Thailand

Having built a strong, lasting partnership with Thailand through its business activities, the Nikon Group established two scholarship programs in 2007. One program provides support for students attending junior high school, senior high school and university within Thailand and the other program supports graduate students studying overseas in Japan.

Through the Nikon Shanti Scholarship program, Nikon supported 174 students in the year ended March 2014, bringing the total number to date to 1,192 students. As part of the program, Nikon has also launched the "Gift from Nikon" Project, with the aim of encouraging scholarship students in their studies and everyday lives by giving them framed pictures of themselves with important people in their lives, such as family or friends.

Nikon also runs the Nikon Chulalongkorn Scholarship program in cooperation with Chulalongkorn University, a top-ranked educational institution in Thailand. Designed to provide support for students attending graduate schools in Japan, the program has already produced four graduates, with another four currently studying in Japan.



Presenting a photo to a student at the scholarship ceremony in November 2013

Nikon Scholarship Program in Laos

After Nikon Lao Co., Ltd. commenced operation in 2013, Nikon established two scholarship programs in Lao P.D.R. Nikon hopes that the program will contribute to the development of human resources, the future prosperity of Laos and also to the cultivation of friendship with Japan. The Nikon-EDFJapan Scholarship for Laos is a program that will provide support for 100 junior high school students every year, while the Nikon-JICA Scholarship for Laos will provide annual support for 40 students at Savannakhet University.



At the end of a Nikon-JICA Scholarship for Laos meeting with Savannakhet University

Contribution to Local Communities

With the aspiration of realizing a better society, Nikon Group engages in a range of activities rooted in local communities.

Activities at Domestic Group Companies

Domestic Nikon Group companies carry out a wide range of social contribution activities, including cleaning up local areas, organizing work experience placements for junior high school and senior high school students, and assisting with community events. Sendai Nikon Corporation organized work experience placements for students from four junior high schools and one senior high school in the local area, giving them the opportunity to learn about society by experiencing actual operations in areas such as shipping, packaging and delivery.

Activities at Overseas Group Companies

Overseas Nikon Group companies carry out social contribution activities as responsible corporate citizens, taking into account the social situation in each country. 35 employees at Nikon s.r.o. (Czech Republic) volunteered to harvest fruit at a fruit plantation and assisted in cleaning a zoo. 17 employees at Nikon Instruments (Shanghai) Co., Ltd. and Nikon Precision Shanghai Co., Ltd. (China) meanwhile took part in a local charity marathon, either as runners or volunteers.

Assistance for Reconstruction

The Nikon Group engages in a wide range of reconstruction assistance activities, in an effort to help rebuild areas stricken by natural disasters, and has continued to focus its attention on activities in the wake of the Great East Japan Earthquake.

Assisting with Reconstruction through Photography

The Nikon Group has continued to provide reconstruction assistance following the Great East Japan Earthquake, based on the slogan "Assisting Reconstruction through Photography." Now in its third year, a total of 2,850 students from 42 schools and one organization took part in the Photo Book Project for Junior High School Students during the year ending March 2014. Students took photos, selected their favorites, and compiled them into a photo book along with captions expressing their feelings. Nikon provided support by donating compact digital cameras and organizing activities at schools, including photography classes.

Nikon Plaza Sendai, the base of operations for reconstruction assistance activities established and operated by Nikon Imaging Japan Inc., held a total of 28 exhibitions and events during the year ending March 2014, including "Reconstruction in partnership with a local NPO - Two years with Tohoku's first community foundation." It also hosted 25 photo exhibitions, including "My Original Scenery" by the Tohoku Fukei Photographers Association.



Students from Toni Junior High School (Kamaishi, Iwate prefecture) looking through the finished photo book

Employee Volunteer Activities

The Nikon Group provides support for employees engaging in volunteer activities as part of reconstruction assistance in the areas affected by the Great East Japan Earthquake. During the year ending March 2014, 159 Nikon Group employees took part in volunteer activities at the rate of roughly once a month, including assisting with farm work and working on housing facilities in Miyagi prefecture, and serving as assistants at the Jodogahama Beach Sanma Festival in Iwate prefecture. So far, activities for the year ending March 2015 include continuing the organization of photography classes for Yamamotocho's computer club, a local information service in Miyagi prefecture, and taking part in the Urato Nanohana Project, aimed at restoring fields of nanohana, or rapeseed, on the Urato Islands in Miyagi prefecture.

Since the introduction of support for employee volunteer activities, a total of 398 employees have volunteered to take part in reconstruction assistance activities as of the end of March 2014.



Digging fields as part of the Urato Nanohana Project, to restore the local landscape

Welfare

As a responsible member of society, Nikon conducts various welfare activities, including those in which every one of our employees can participate by their own will.

Support for Sunrise Day Camp

Since the year ending March 2012, Nikon Inc., Nikon Instruments Inc. and Nikon Americas Inc. have worked together to support the Sunrise Day Camp—a camp for children with cancer at a local campground in New York. About 30 employees from the three companies volunteered to clean up and improve the facilities to create a more comfortable environment for the children. Other contributions include donating raffle prizes as fundraisers and forming teams to secure donations for the Sunrise Day Camp Walk, which approximately 50 employees participated.



Employees volunteering to clean and maintain the campground

Fund-raising Activity for Macmillan Cancer Support

Every year, employees of Nikon U.K. Ltd. select an organization to support and conduct fund-raising activities for one year. In 2013, they supported Macmillan Cancer Support, which provides livelihood assistance to cancer patients. Most of the employees participated in their own way - some solicited street donations, some ran in the London Marathon as charity runners - and they collected about 2 million yen for the cause. In 2014, they chose to support the Royal Marsden Cancer Charity. This charity supports the Royal Marsden Hospital, the world's first specialized hospital for cancer, including treatment, research and patient care.



Employees conducting a street fund-raising event for Macmillan Cancer Support

Photographic and Image Cultures

In the hope that lovers of photography around the world, from amateurs to professionals, will feel more joy through images and more happiness through expressions, Nikon is conducting a wide range of activities to contribute to photographic arts and photographic culture. Its activities include providing photographers with exhibition space for their works, managing forums, organizing workshops and holding events and contests. Regular photo exhibitions at Nikon Photo Salon galleries in Ginza, Shinjuku and Osaka feature carefully selected works from various different fields, taken by amateurs and professionals alike, using any sort of equipment.

Nikon has been running the Nikon Photo Contest as an international photo competition since 1969. Approximately 370,000 photographers have entered the contest to date, submitting more than 1.46 million entries.



Elegy of Autumn by Dina Bova (Israel), the Grand Prize winning entry for the 2012-2013 contest

Promoting CSR-oriented Procurement

We tackle CSR-oriented procurement in cooperation with procurement partners to fulfill our corporate social responsibility for the supply chain.

CSR-oriented Procurement Promotion System

Based on the Nikon Basic Procurement Policy, the Nikon Group has established the Nikon Procurement Partners' CSR Guidelines to engage with CSR issues, including prevention of corruption and respect for human rights, along the entire supply chain. In the fiscal year ended March 31, 2014, we amended the Guidelines to add a Paper Procurement Policy to take in the perspective of environmental protection.

In terms of a CSR-oriented Procurement Promotion System, the Nikon Group has established the Procurement Communication Conference and its subordinate organization, the CSR Procurement Conference, as cross-organizational councils in Japan. We also participate in the Supply Chain Sub-Committee of the Global Compact Japan Network to gain an understanding of the latest trends regarding CSR-oriented procurement activities in supply chains.

Further, if any of our procurement partners has a noncompliance issue, we have strict requirements in place for partners to identify the cause, solve the problem, and implement measures to prevent reoccurrence.

Promoting CSR-oriented Procurement

Increasing awareness among procurement partners in Japan

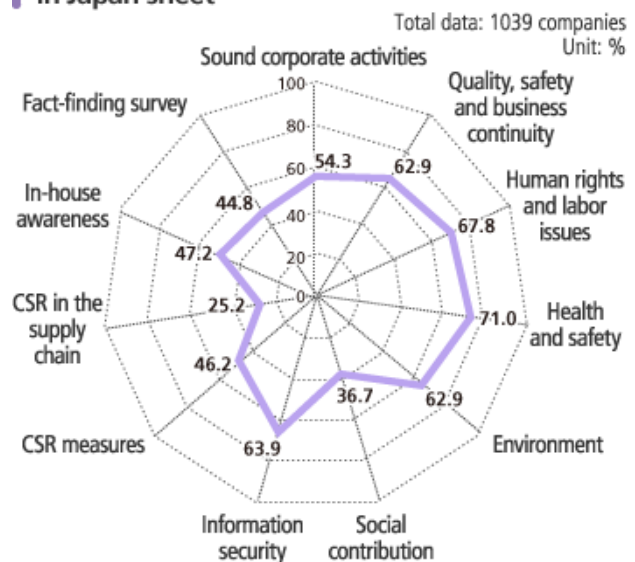
To fulfill its social responsibilities in the supply chain, the Nikon Group promotes CSR activities in stages across the entire supply chain, including briefing sessions for procurement partners in Japan, using CSR questionnaires for surveys, interviewing individual procurement partners, and carrying out on-site inspections.

In the year ended March 31, 2014, we conducted surveys to promote understanding of Nikon's CSR policy among procurement partners, and to understand the CSR efforts of our procurement partners. We refined the questions on the Interview Check Sheet used for previous CSR surveys to create the survey content, produced an On-site Inspection Check Sheet that forms the basis for the revised edition of the CSR questionnaire, and conducted CSR surveys of all 2,382 procurement partners of the Nikon Group. Taking into account the quality of the survey results as well as the size of the transaction amounts, we also identified high-priority procurement partners and conducted on-site inspections at 36 companies. We found no major differences between the results of the check sheet and the on-site inspections, so we were able to confirm that the check sheet is valid as a method of collecting information about our partners.

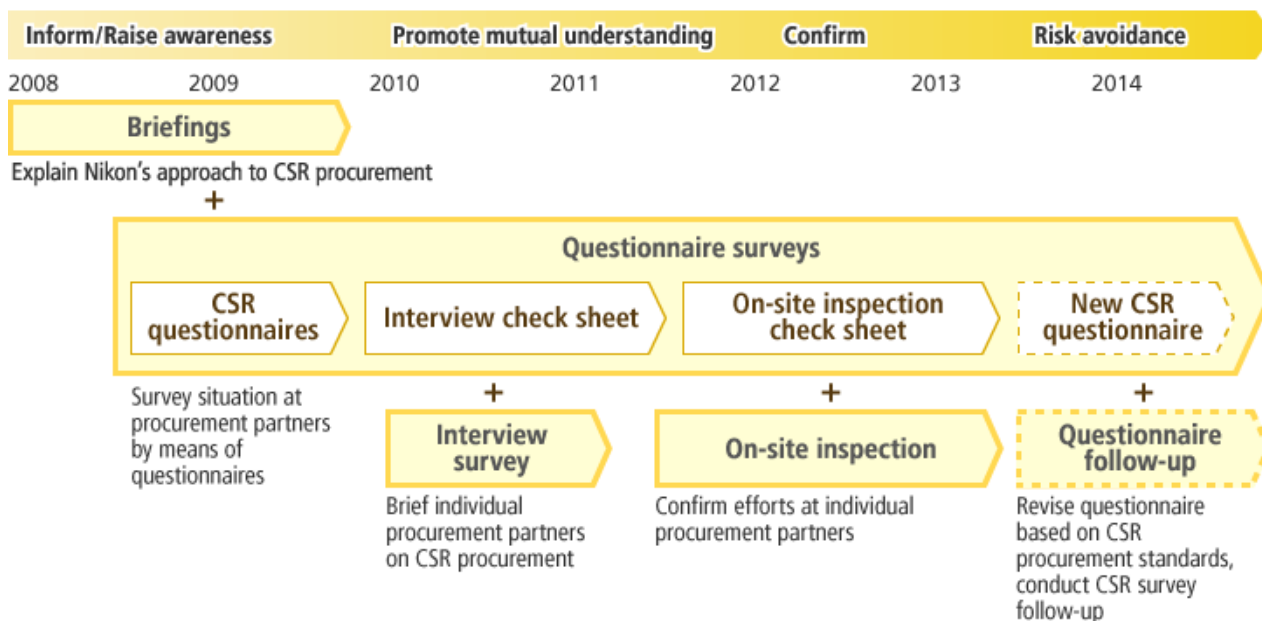
In the period ending March 31, 2015, we will formulate a CSR Procurement Standard that incorporates more detailed requirements for our procurement partners such as Key Performance Indicators (KPI). Based on this CSR Procurement Standard, we will revise the CSR questionnaire one more time, and carry out surveys to confirm CSR efforts among our procurement partners. We will also undertake follow-up activities to reduce risk for CSR procurement.

In the future, we plan to include the CSR items in the basic transaction agreement to make procurement partners aware of the CSR Procurement Standard, and to build a foundation that raises the activity level from "demand" to "compliance."

Results of the CSR survey of procurement partners in Japan sheet



The stages of CSR procurement promotion in Japan



CSR-oriented Procurement Overseas

Overseas, the Nikon Group promotes activities with an emphasis on developing understanding, not only among our procurement partners, but also among the Group companies that are our main actors. We have conducted briefing sessions at Group companies, briefing sessions for procurement partners, and CSR surveys in the Asia region where our principal production sites are located. In the year ended March 31, 2014, we carried out CSR surveys at 12 procurement partners not previously surveyed.

We have also made preparations to standardize the Nikon Procurement Partners' CSR Guidelines together with our regional holding company, Nikon Holdings Hong Kong Limited (Hong Kong), and Group companies. In the fiscal year ending March 31, 2015, we will first carry out trial monitoring of Group companies and identify issues to create a standard. To verify the standard, we will also monitor procurement partners to develop an understanding of the situation and examine measures for the future.

Activities Based on the Paper Procurement Policy

The Nikon Group strives to procure paper with concern given to the sustainable use of forest resources, from the viewpoint of biodiversity conservation.

Paper Procurement Policy

Policy

Nikon shall procure paper with concern given to biodiversity 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:
 1. 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 HCVPs or by the FSC; or

2. 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.

Promoting the Paper Procurement Policy

In the period ended March 31, 2014, we established a Paper Procurement Policy at the Nikon Group, and communicated it to Group companies in Japan and overseas. We also surveyed the paper procurement situation within the Group.

As a result, there were reports from some quarters that paper procurement was inconsistent with the policy. However, a follow-up survey confirmed that all paper procurement had completed the switch to problem-free paper. We will continue to conduct periodic monitoring surveys to verify that paper procurement in the Group is correct.

In the period ending March 31, 2015, we plan to formulate targets for the next three years to promote paper procurement that is sensitive to the sustainability of forest resources.

Participating in the Consortium

Since we frequently hear reports of numerous problems involving the procurement of raw materials for paper and the decline in the world's natural forests, it is very important to procure paper in the proper manner, but the actions of a single company have limited impact. Therefore, Nikon has participated in the Consortium for Sustainable Paper Use (CSPU) since June, 2014. The consortium was established jointly by World Wide Fund for Nature (WWF) Japan, an international environmental conservation NGO, Response Ability, Inc. that helps companies to promote their sustainability and companies taking progressive actions regarding paper use. Its objective and goal is to encourage and expand sustainable use of paper throughout society. Nikon is developing its own initiatives through exchanges of information with member companies, and also contributing to informing society as a whole of the appropriate use of paper.



CSPU's logo

› [Consortium for Sustainable Paper Use \(WWF Japan\)](http://www.wwf.or.jp/corp/2014/06/post_20.html)
http://www.wwf.or.jp/corp/2014/06/post_20.html

Promoting Green Procurement

In addition to reducing the environmental impact of businesses, we also manage the chemical substances in Nikon products in an appropriate manner through green procurement activities in order to prevent the discharge of hazardous chemical substances into the environment along the entire length of the supply chain.

Green Procurement Promotion System

The Nikon Group has established Nikon Green Procurement Standards for procuring environmentally friendly parts and materials. We have incorporated the standards in the basic transaction agreement, and we promote them along the entire length of the supply chain. In recent years, compliance with regulations on chemical substances in products, such as the European RoHS Directive* and European REACH Regulation*, has become a key issue, and we have worked to enhance our management systems. Managing hazardous chemical substances contained in Nikon products requires the cooperation of our procurement partners because the products are manufactured from materials and parts that are procured and manufactured along a complex supply chain. The Nikon Group examines, implements, and monitors concrete action at the Green Procurement Subcommittee and its subordinate organization, the Green Procurement Conference, to build a system to manage chemical substances in products throughout its supply chain.

* RoHS Directive (Restriction of Hazardous Substances)

"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.

* REACH Regulation

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

Revising the Nikon Green Procurement Standards

Bearing in mind overseas regulations on chemical substances, the Nikon Group formulated the Nikon Green Procurement Standards in October 2005. We briefed partners inside and outside the company, concluded agreements with procurement partners, implemented surveys of environmental conservation structure, and promoted green procurement activities. The content of the standards is revised on a regular basis.

For version 4.0, which took effect in the period ended March 31, 2014, we developed a separate brochure for the list of chemical substances. We also revised the standards to make the text more accessible and to explain in more specific detail what we would like procurement partners to do.

Building Environmental Management Systems throughout the Supply Chain

The Nikon Group asks procurement partners to establish and operate environmental management systems that meet the Nikon Green Procurement Standards. Environmental management systems are classified as management systems for environmental conservation and management systems for chemical substances in products.

Systems for managing environmental conservation require our procurement partners to build structures for reducing the environmental impact of their business activities. Because of the worldwide rise in awareness of environmental conservation, many procurement partners have already obtained ISO 14001 or Eco-Action certifications. Systems to manage chemical substances, on the other hand, require building structures that target procured products and their manufacturing processes to manage and reduce chemical substances that have an impact on the environment. There are still some procurement partners who have not built these systems.

As well as auditing the environmental management systems of our procurement partners, the Nikon Group supports the construction of these systems and promotes further improvements of environmental management systems across the supply chain.

Auditing Environmental Management Systems and Certifying Nikon Environmental Partners

The Nikon Group has been auditing environmental management systems built and operated by our procurement partners since the year ended March 31, 2010. We request corrections in case of deficiencies in the environmental management systems, and depending on the situation, we support procurement partners who have not yet built the systems. We also certify procurement partners who meet the requirements for environmental management systems based on the Nikon Green Procurement Standards as Nikon Environmental Partners. This Partner certification is subject to renewal audit once every three years. As of the year ended March 31, 2014, the total number of certified companies was 172.

We also conduct internal audits of business departments within the Group to verify our own systems for managing chemical substances in products.

Audits as of the year ended March 31, 2014

Category	Target	Businesses	Total
Environmental management systems audit (new)	Japan procurement partners	78	120
	Overseas procurement partners	42	
Renewal audit of Environmental Partner certification	Japan procurement partners	18	19
	Overseas procurement partners	1	
Audit for Environmental Partner certification (Corrections, completions)	Japan procurement partners	17	21
	Overseas procurement partners	4	
Internal audit of systems for managing chemical substances in products	Internal Nikon Group departments	11	-

Environmental Partner certifications as of the year ended March 31, 2014

Outcome	Target	Businesses	Total
Environmental Partner certification	Audited as of year ended March 31, 2014	61	113
	Completion of correction at audit for year ended March 31, 2013 or earlier	52	
	Renewal audits for Partner certification		19

Training Environmental Management Systems Auditors

In the year ended March 31, 2014, we organized environmental audit training for 46 persons at Nikon and Group companies. All of them passed the examination and were registered as auditors of Environmental Management Systems, bringing the total number of auditors to 114 (14 overseas). We also created the Requirements Checklist for Audit Leaders of Environmental Management Systems, which clarifies the requirements for the audit leaders who have an important role in the audits. We strive to improve audit leadership abilities by urging leaders to use this list to verify and improve audit content.

In the year ending March 31, 2015, we will develop and promote annual audit plans based on the long-term audit plan. In addition, we plan to administer audits efficiently by training audit leaders and allowing the transfer of audits to the departments.

Dealing with the Issue of Conflict Minerals

We promote corporate social responsibility (CSR) throughout the supply chain, in an effort to strike a balance between improving social and environmental conditions, and achieving sustainable growth as a company. One of the most serious social issues in the world is that of conflict minerals from the Democratic Republic of Congo and its neighboring countries. The Nikon Group has adopted a basic policy of not using conflict minerals mined or intermediated by armed forces violating human rights in the area. In order to cut off funding to such groups, we have been conducting surveys in our supply chain since 2011 to determine policy compliance. In 2013, we formed a cross-departmental project team in the company and surveyed our main products with reference to OECD guidance*, using the Conflict Mineral Reporting Template published by the EICC/GeSI ("EICC/GeSI Template")*. We achieved a response rate of 90.5% in our 2013 survey, and continue to strive to achieve "conflict-free" Nikon products in cooperation with our procurement partners in 2014 and beyond.

* OECD guidance

OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas

* EICC/GeSI Template

Conflict mineral survey template developed in conjunction between the Electronics Industry Citizenship Coalition (EICC), a coalition of the world's leading electronics companies, and the Global e-Sustainability Initiative (GeSI), a collaboration with members from major Information and Communication Technology (ICT) companies and organizations around the globe.

Policy and Management Systems

Policy on Conflict Minerals

In November 2011, we established the Policy on Conflict Minerals and determined to make efforts to avoid the use of conflict minerals mined or intermediated by armed forces. In July 2014, we revised the policy with more specific details as outlined below in order to reinforce our activities.

Policy on Conflict Minerals

Established November 2011, revised February 2013, and July 2014

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

Nikon will conduct and continue surveys in line with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

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.

Announcement of our policy

We held explanatory meetings for our procurement partners from April to May in 2013, and 341 companies took part. We also held the same meetings for staff in procurement and other related divisions in Nikon.

Internal promotion framework

Based on our Policy on Conflict Minerals, we formed in January 2013 a cross-departmental project team in the company led by a Director, Member of the Board. The project team, consisting of members in procurement or CSR-related divisions and business divisions, played a central role in implementing the 2013 survey.

Supply Chain Survey

The subjects of our 2013 survey were core products of Nikon and components incorporated into products of SEC listed companies. We conducted the survey using the EICC/GeSI Template, which is regarded as the international standard. Almost all Nikon products have electronic components and circuits, and tantalum, tin, tungsten, or gold may be contained in them. We also visited several smelters and verified their activities as conflict-free smelters (CFS).

Major survey results

	Total	Imaging	Glass
Response rate	90.5% (315/348 companies)	100% (66/66 companies)	100% (4/4 companies)
Number of EICC registered* smelters	164	163	10


* As of April, 2014

In the 2013 survey, Nikon procurement partners and some Nikon group companies were treated as Nikon's first(1st)-tier suppliers. The response rate was calculated on this condition.

EICC registered smelters refer to those specified as smelters by EICC. There were 215 registered smelters as of April 2014.

The number of EICC registered smelters shown in Nikon survey results includes CFS. The accumulated number of smelters as answered by our suppliers with the templates was 911, and this includes companies that were not specified as smelters.

Concerning the Glass Products, all of the smelters identified in the 2013 survey were EICC registered smelters (including CFS).

 [List of the smelters or refineries \("SORs"\) which were compliant with EICC and were identified through Nikon's supply chain \(PDF:63KB\)](http://www.nikon.com/about/csr/conflict-minerals/pdf/eicc_list.pdf)
http://www.nikon.com/about/csr/conflict-minerals/pdf/eicc_list.pdf

Risks Confirmed in the 2013 Survey and Actions in 2014

We compared smelters identified in the 2013 survey against the list of EICC registered smelters. We requested procurement partners who did not provide a response to disclose their information. We found that we must promote cooperation with procurement partners further to recognize and specify more smelters. Risks revealed in the survey were studied by the operation committee in our internal project to decide action policies to take.

Nikon is a manufacturing company located downstream within the supply chain. The supply chain is wide-ranging, and its levels are deep and complicated. In the 2014 survey, we will strengthen our support for procurement partner education about EICC/GeSI template compliance. In addition, we will conduct intensive surveys into key products, components and materials at the upstream end of the supply chain through measures such as individual visits, in addition to surveys using EICC/GeSI Templates. For this purpose, we are planning to make more efforts to tackle this issue across all business divisions in our 2014 survey. Further, regarding glass products that are relatively upstream in the supply chain compared to other Nikon products, we will try to quickly determine smelters as one of the conflict-free oriented activities.

Promotion of CFS and Cooperation with Outside Organizations

We are tackling this issue in cooperation with industry organizations and others. In November 2012, we participated in the study group "Responsible Minerals Trade Working Group" established by the Japan Electronics and Information Technology Industries Association (JEITA) to collect more information. We have engaged in industry group activities since then.

One of the essential steps in promoting conflict-free products is to increase the number of smelters around the world that are confirmed as having no connection with armed forces. That is why we joined in April 2014 the Conflict-Free Sourcing Initiative (CFSI; headquartered in Washington, D.C.), which is establishing the CFS Program.

We also value dialog and collaboration with NGOs and citizens' groups. In February 2014, we joined a mission to the US organized by the Council for Better Corporate Citizenship (CBCC; organization affiliated with the Japan Business Foundation (KEIDANREN)). We played our part in exchanging opinions with the human rights NGO Responsible Sourcing Network (RSN) and learned directly about RSN's position on this issue.

We will endeavor to engage in dialog and collaboration with NGOs, as we strive to procure mineral resources in a responsible manner and tackle human rights issues in the Democratic Republic of Congo and its neighboring countries.

- › [Japan Electronics and Information Technology Industries Association | Responsible Minerals Trade Working Group](http://home.jeita.or.jp/mineral/eng/index_e.html)
http://home.jeita.or.jp/mineral/eng/index_e.html
- › [Conflict-Free Sourcing Initiative](http://www.conflictreesourcing.org/)
<http://www.conflictreesourcing.org/>
- › [Council for Better Corporate Citizenship](http://www.keidanren.or.jp/CBCC/en/index.html)
<http://www.keidanren.or.jp/CBCC/en/index.html>
- › [Responsible Sourcing Network](http://www.sourcingnetwork.org/)
<http://www.sourcingnetwork.org/>

Tin Mining in Indonesia

Serious issues concerning environmental destruction, human-rights infringements and inappropriate working conditions at tin mining sites in the Indonesian islands of Bangka and Belitung have been the subject of a report published by an international environmental NGO.

As stated in the Nikon CSR Charter and the Nikon Procurement Partners' CSR Guidelines, we have an on-going commitment to responsible procurement throughout our supply chain. As a general measure to address the issue of conflict minerals, we have been conducting a supply chain survey with reference to OECD guidance, and have been supporting the CFSI's programs to verify conflict-free smelters.

Even though Nikon does not procure tin directly from suppliers in this region, our latest survey result showed us that some Nikon products may incorporate tin that has been smelted or refined in Indonesia. The possibility that some of this tin might have originated in the Bangka-Belitung region is of great concern to us, and we consider this to be a serious matter.

As a part of our corporate commitment towards responsible procurement we will make our suppliers aware of, and request them to pay attention to the issues concerning tin mining sites in Indonesia. We will also make concerted efforts to improve the situation in Indonesia through our various activities in cooperation with industry groups, NGOs, suppliers or other relevant organizations.

Independent Practitioner's Assurance / Response to Third-party Comments

Independent Practitioner's Assurance

To ensure the reliability, independent practitioner's assurance has given to the CSR report.

Assurance scope

Heading	Assurance scope
Compliance activities	Number of cases of disciplinary action taken at Nikon Corporation
Working environment	Percentage of female employees and number of female managers at Nikon Corporation
	Percentage of female employees at Group companies in and outside Japan
	Frequency rates of lost time accidents and severity rates at Nikon Corporation and Group companies in Japan
Environmental activities	Energy use and its use per unit of sales (index) from Nikon Corporation and Group manufacturing companies in Japan
	CO2 emissions and those emissions per unit of sales (index) from Nikon Corporation and Group manufacturing companies in Japan
	CO2 emissions from Group manufacturing companies outside Japan
	Water use by Nikon Corporation and Group manufacturing companies in Japan
	Number of cases where wastewater quality exceeded the legal standards at Nikon Corporation and Group manufacturing companies in Japan

Scope

Results for the year ended March 31, 2014 (April 1, 2013 – March 31, 2014)

Independent Practitioner's Assurance Report

To the President and Representative Director of NIKON CORPORATION

We have undertaken a limited assurance engagement of the sustainability information (Energy Use and Its Use per Unit of Sales (Index) by NIKON CORPORATION (the "Company") and Group Manufacturing Companies in Japan, CO₂ Emissions and Those Emissions per Unit of Sales (Index) and Water Use and Number of Cases where Wastewater Quality Exceeded the Legal Standards at the Company and Group Manufacturing Companies in Japan, CO₂ Emissions from Group Manufacturing Companies outside Japan, Number of Cases of Disciplinary Action and Percentage of Female Employees and Number of Female Managers at the Company, Percentage of Female Employees at Group Companies in and outside Japan, Frequency Rates of Lost Time Accidents and Severity Rates at the Company and Group Companies in Japan) (the "sustainability information") for the year ended March 31, 2014 (from April 1, 2013 to March 31, 2014) that were included in the "Nikon website "CSR" information" of the Company created for the Company's webpage.

The Company's Responsibility

The Company is responsible for the preparation of the sustainability information in accordance with the calculation and reporting standard adopted by the Company (indicated with the sustainability information).

Inherent Uncertainty

CO₂ quantification is subject to inherent uncertainty for reasons such as incomplete scientific knowledge used to determine emissions factors and the values needed.

Our Independence and Quality Control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagement*, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the sustainability information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance 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 ("IAASB"), and ISAE 3410, *Assurance Engagements on Greenhouse Gas Statements*, issued by the IAASB.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records. These procedures also included the following:

- Evaluating whether the Company's methods for estimates are appropriate and had been consistently applied. However, our procedures did not include testing the data on which the estimates are based or reperforming the estimates.
- Undertaking site visits to assess the completeness of the data, data collection methods, source data and relevant assumptions applicable to the sites.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Company's sustainability information is not prepared, in all material respects, in accordance with the calculation and reporting standard adopted by the Company.

Deloitte Tohmatsu Evaluation and Certification Organization Co., Ltd.

Deloitte Tohmatsu Evaluation and Certification Organization Co., Ltd.
Tokyo, Japan
September 11, 2014

* International Standard on Assurance Engagements (ISAE) 3000 and 3410

These are standards on assurance engagements that were developed by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). The ISAE 3000 deals with "assurance engagements other than audits or reviews of historical financial information of entities," which encompass assurance engagements on environmental information and information about social aspects. In particular, the ISAE 3410 prescribes the procedures of assurance engagements on greenhouse gas statements based on the ISAE 3000. To comply with the ISAE 3410, the requirements of the ISAE 3000 also need to be fulfilled.

* Inherent uncertainty

Uncertainty is inherent in greenhouse gas quantification. This uncertainty is unavoidable for any entity that performs the calculations, because the global warming potential values and other elements used for the quantification are simply scientific assumptions today, and errors generated by measuring equipment and other sources are inevitable. This uncertainty does not mean that quantified values are inappropriate. The ISAE 3410 stipulates that information can be assured as long as the assumptions are reasonable and the information is adequately disclosed.

Response to Third-party Comments in Our Previous CSR Report

Third-party comments made by Mr. Toshihiko Fujii		Response measures
CSR infrastructure	I am eagerly looking forward to the early introduction of a similar (CSR promotion and coordination) system in the Americas, as planned.	<ul style="list-style-type: none"> We began assigning dedicated personnel to handle CSR promotion and coordination in the Americas in September 2013. We are preparing to hold the first meeting of our American CSR Committee before the end of 2014. <p>➤ CSR Promoting System (P15)</p>
Expansion and promotion of environmental management	[Regarding initiatives for biodiversity preservation,] I hope that specific measures will be drawn up based on the results of the review (ecosystem services review) and put into practice in fiscal 2014.	<ul style="list-style-type: none"> We have incorporated measures based on the results of ecosystem service reviews (ESR) into activities carried out by all relevant departments and are continuing to implement measures on an ongoing basis. For instance, we have established an integrated data management system by introducing a centralized management system for copier and printer paper at all Group companies in Japan, in an effort to reduce paper consumption. <p>➤ Biodiversity Conservation: ESR-Based Initiatives (P49)</p> <ul style="list-style-type: none"> As part of our initiatives in the field of paper procurement, we have started conducting monitoring surveys and tracking progress with procurement activities at individual Group companies in line with our paper procurement policy. We have also set medium-term targets for such activities, based on monitoring results. <p>➤ Promoting CSR-Oriented Procurement: Activities Based on Our Paper Procurement Policy (P106)</p>
Respect for human rights and labor practices, and promoting diversity in the workplace	<p>I believe that global enterprises should develop appropriate systems, including domestic and overseas companies, and implement necessary actions globally based on the relevant systems.</p> <p>I would very much like to see Nikon accelerate and deepen its efforts in this area (holding Global Human Resources Management Meetings, sharing policies for developing global human resources, and formulating the Nikon Group HR Vision, etc.)</p>	<ul style="list-style-type: none"> We held two Global Human Resources Management Meetings, to reinforce cooperation between personnel departments at individual bases. We also held eight Virtual Global Human Resources Meetings. We began selection and training of potential global leaders. We are actively promoting measures based on relevant policies, in preparation to introduce a global talent management system. <p>➤ Personal System / Human Resource Development / Labor Management Regulations: Global Human Resources Management (P89)</p>

Third-party comments made by Mr. Toshihiko Fujii		Response measures
Promotion of CSR activities in the supply chain	<p>Last year I provided suggestions (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. The Group needs to establish proper principles and systems to ensure the performance of on-site inspection on its own initiative.</p>	<ul style="list-style-type: none"> • In Japan, Through CSR surveys and on-site inspections, we have confirmed that CSR survey forms provide an effective way of identifying CSR risks and implementing remedial measures. We intend to standardize CSR guidelines and improve survey forms in order to increase accuracy in the future, so that we can pinpoint and avoid CSR risks. • Outside Japan, we proceeded with preparations for conducting a monitoring survey in conjunction with Nikon Holdings Hong Kong Limited. After we conduct the monitoring, we will look into adequate measures to avoid risks in other countries based on our findings from the monitoring. <p>➤ Promoting CSR-Oriented Procurement (P105)</p>
Dialogue with NGOs	<p>It is vitally important to continue dialogs with stakeholders with different values and interests, as I also emphasized last year.</p>	<ul style="list-style-type: none"> • We continue to have close communication with outside experts and NGOs dealing with different topics, including ongoing communication with the World Wide Fund for Nature (WWF) Japan regarding biodiversity. We are also committed to dialog with a wide range of stakeholders, through industry associations and various other organizations.

GRI Content Index

The following tables indicate the pages of Nikon website and "Nikon CSR Report 2014" (this report) that contain content relating to the required disclosure items in the GRI Sustainability Reporting Guidelines version 3.1. The table also includes comparative data concerning the 10 principles of the UN Global Compact and ISO 26000.

1. Strategy and Analysis

GRI Guidelines		UN Global Compact principles	ISO 26000 core subjects	Corresponding	
				page	website
1.1	Statement from the most senior decisionmaker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.	—	6.2	P3	➤ Message from the Top Management
1.2	Description of key impacts, risks, and opportunities.	—	6.2	P3 P11 P19	➤ Message from the Top Management ➤ Priority Issues Set Forth in the CSR Medium Term Plan ➤ Targets and Results for the Priority Issues

2. Organizational Profile

GRI Guidelines		UN Global Compact principles	ISO 26000 core subjects	Corresponding	
				page	website
2.1	Name of the organization.	—	—	P2	➤ Corporate Information
2.2	Primary brands, products, and/or services.	—	—	P2	➤ Business Domains
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	—	6.2	P2	➤ Securities Report (Japanese only)
2.4	Location of organization's headquarters.	—	—	P2	➤ Corporate Information
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.	—	—	P2	➤ Corporate Information
2.6	Nature of ownership and legal form.	—	—	P2	➤ Securities Report (Japanese only)
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	—	—	P2	➤ Securities Report (Japanese only)
2.8	Scale of the reporting organization, including: <ul style="list-style-type: none"> • Number of employees; • Number of operations; • Net sales (for private sector organizations) or net revenues (for public sector organizations); • Total capitalization broken down in terms of debt and equity (for private sector organizations); and • Quantity of products or services provided. 	—	—	P2	➤ Corporate Information ➤ Securities Report (Japanese only)
2.9	Significant changes during the reporting period regarding size, structure, or ownership including: <ul style="list-style-type: none"> • The location of, or changes in operations, including facility openings, closings, and expansions; and • Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations). 	—	—	—	➤ Nikon announces reorganization of corporate structure
2.10	Awards received in the reporting period.	—	—	P17	➤ Stakeholders Evaluation

3. Report Parameters

GRI Guidelines		UN Global Compact principles	ISO 26000 core subjects	Corresponding	
				page	website
Report Profile					
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	—	—	P2	➤ CSR Report 2014
3.2	Date of most recent previous report (if any).	—	—	P2	➤ CSR Report 2014
3.3	Reporting cycle (annual, biennial, etc.)	—	—	P2	➤ CSR Report 2014
3.4	Contact point for questions regarding the report or its contents.	—	—	P2	➤ CSR Report 2014
Report Scope and Boundary					
3.5	Process for defining report content, including: <ul style="list-style-type: none"> • Determining materiality; • Prioritizing topics within the report; and • Identifying stakeholders the organization expects to use the report. 	—	—	P9 P11 P12	➤ CSR Policy ➤ Priority Issues Set Forth in the CSR Medium Term Plan ➤ Dialogue with Stakeholders
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	—	—	P2 P41-42	➤ CSR Report 2014 ➤ Environmental Management System
3.7	State any specific limitations on the scope or boundary of the report.	—	—	P2 P41-42	➤ CSR Report 2014 ➤ Environmental Management System
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.	—	—	P2 P43 P64, 66-67	➤ CSR Report 2014 ➤ Environmental Accounting ➤ Reducing CO2 Emissions
GRI Content Index					
3.12	Table identifying the location of the Standard Disclosures in the report.	—	—	P117-124	➤ these tables
Assurance					
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).	—	—	P113	➤ Independent Practitioner's Assurance / Response to Third-party Comments

4. Governance, Commitments, and Engagement

GRI Guidelines		UN Global Compact principles	ISO 26000 core subjects	Corresponding	
				page	website
Governance					
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	1-10	6.2	P24-25	➤ Corporate Governance Organization
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		P24-25	➤ Corporate Governance Organization
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		P24-25	➤ Corporate Governance Organization
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	1-10		P24	➤ Corporate Governance Organization

GRI Guidelines		UN Global Compact principles	ISO 26000 core subjects	Corresponding	
				page	website
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	6.2	P25	› Corporate Governance Organization
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	1-10		P24-25	› Corporate Governance Organization
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		P24-25	› Corporate Governance Organization
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		P9-10 P16 P36 P88 P105 P110	› CSR Policy › Approach to UN Global Compact › The Nikon Basic Environmental Management Policy › Nikon Group HR Vision › Promoting CSR-oriented Procurement › Dealing with the Issue of Conflict Minerals
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		P16 P24 P40	› Approach to UN Global Compact › Corporate Governance Organization › Environmental Management System
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	1-10		P24-25	› Corporate Governance Organization
Commitments to External Initiatives					
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	7	6.2	P27-28 P32-79 P86-87 P98-100 P105-112	› Internal Control System › Risk Management › Environmental Activities › Compliance Activities › Health and Safety of Employees › CSR Procurement Activities › Dealing with the Issue of Conflict Minerals
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	1-10		P9-10 P40 P44-46	› CSR Policy › Environmental Management System › Environmental Action Plan
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"> • Has positions in governance bodies; • Participates in projects or committees; • Provides substantive funding beyond routine membership dues; or • Views membership as strategic. 	1-10		P13 P112	› Dialogue with Stakeholders › Dealing with the Issue of Conflict Minerals
Stakeholder Engagement					
4.14	List of stakeholder groups engaged by the organization.	—	6.2 Organizational Governance	P11 P12	› Priority Issues Set Forth in the CSR Medium Term Plan › Dialogue with Stakeholders
4.15	Basis for identification and selection of stakeholders with whom to engage.	—		P12	› Dialogue with Stakeholders
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	—		P12 P115-116	› Dialogue with Stakeholders › Independent Practitioner's Assurance / Response to Third-party Comments
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.	—		P19-21 P115-116	› Targets and Results for the Priority Issues › Independent Practitioner's Assurance / Response to Third-party Comments

5. Management Approach and Performance Indicators

GRI Guidelines		UN Global Compact principles	ISO 26000 core subjects	Corresponding	
				page	website
Economic					
	Disclosure on Management Approach	1, 4, 6, 7	6.2 6.8	P2	➤ Securities Report (Japanese only)
Economic Performance Indicators					
Aspect: Economic Performance					
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 (Japanese only)
Core EC2.	Financial implications and other risks and opportunities for the organization's activities due to climate change.	7	6.5.5	P43	➤ Environmental Accounting
Core EC3.	Coverage of the organization's defined benefit plan obligations.	—	—	—	➤ Securities Report (Japanese only)
Core EC4.	Significant financial assistance received from government.	—	—	—	—
Aspect: Market Presence					
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	P105-106	➤ Promoting CSR-oriented Procurement
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	—	—
Aspect: Indirect Economic Impacts					
Core EC8.	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, inkind, 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	—	➤ Social Contribution Activities
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	—	—
Environmental					
	Disclosure on Management Approach	7, 8, 9	6.2 6.5	P9-10 P16 P36-51 P63	➤ CSR Policy ➤ Approach to UN Global Compact ➤ Environmental Management ➤ Reducing CO2 Emissions
Environmental Performance Indicators					
Aspect: Materials					
Core EN1.	Materials used by weight or volume.	8	6.5 6.5.4	P37-39 P75-77	➤ Business Activities and the Environment ➤ Control and Reduction of Chemical Substances in Manufacturing
Core EN2.	Percentage of materials used that are recycled input materials.	8, 9	6.5 6.5.4	—	—
Aspect: Energy					
Core EN3.	Direct energy consumption by primary energy source.	8	6.5 6.5.4	P37-39 P64-67	➤ Business Activities and the Environment ➤ Reducing CO2 Emissions
Core EN4.	Indirect energy consumption by primary source.	8	6.5 6.5.4	P37-39 P64-67	➤ Business Activities and the Environment ➤ Reducing CO2 Emissions

GRI Guidelines		UN Global Compact principles	ISO 26000 core subjects	Corresponding	
				page	website
Add. EN5.	Energy saved due to conservation and efficiency improvements.	8, 9	6.5 6.5.4	P44-46 P64-67	<ul style="list-style-type: none"> ➤ Environmental Action Plan ➤ Reducing CO2 Emissions
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	6.5 6.5.4	P44-46 P52 P61-62 P64-67	<ul style="list-style-type: none"> ➤ Environmental Action Plan ➤ Eco-friendly Product Development ➤ Eco-friendliness of Key Products ➤ Reducing CO2 Emissions
Add. EN7.	Initiatives to reduce indirect energy consumption and reductions achieved.	8, 9	6.5 6.5.4	P52 P68-69	<ul style="list-style-type: none"> ➤ Eco-friendly Product Development ➤ Efforts by Non-manufacturing Facilities
Aspect: Water					
Core EN8.	Total water withdrawal by source.	8	6.5 6.5.4	P70	➤ Preventing Air/Water Pollution and Protecting Water Resources
Add. EN10.	Percentage and total volume of water recycled and reused.	8, 9	6.5 6.5.4	P70	➤ Preventing Air/Water Pollution and Protecting Water Resources
Aspect: Biodiversity					
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 5.5.6	P49-50	➤ Biodiversity Conservation
Add. EN13.	Habitats protected or restored.	8	6.5 6.5.6	P101	<ul style="list-style-type: none"> ➤ Participating in the Mt. Fuji Reforestation Project ➤ Supporting the AKAYA Project in Japan ➤ Supporting Children's Forest Program in Thailand
Add. EN14.	Strategies, current actions, and future plans for managing impacts on biodiversity.	8	6.5 6.5.6 6.8.3	P49-51	➤ Biodiversity Conservation
Aspect: Emissions, Effluents, and Waste					
Core EN16.	Total direct and indirect greenhouse gas emissions by weight.	8	6.5 6.5.5	P37-39 P44-46	<ul style="list-style-type: none"> ➤ Business Activities and the Environment ➤ Environmental Action Plan ➤ Distribution-related Activities ➤ Reducing CO2 Emissions ➤ Efforts by Non-manufacturing Facilities
Core EN17.	Other relevant indirect greenhouse gas emissions by weight.	8	6.5 6.5.5	P59	➤ Distribution-related Activities
Add. EN18.	Initiatives to reduce greenhouse gas emissions and reductions achieved.	7, 8, 9	6.5 6.5.5	P44-46 P63-69	<ul style="list-style-type: none"> ➤ Environmental Action Plan ➤ Reducing CO2 Emissions ➤ Efforts by Non-manufacturing Facilities
Core EN19.	Emissions of ozone-depleting substances by weight.	8	6.5 6.5.3	—	—
Core EN20.	NOx, SOx, and other significant air emissions by type and weight.	8	6.5 6.5.3	—	➤ Environmental Data (Japanese only)
Core EN21.	Total water discharge by quality and destination.	8	6.5 6.5.3	P70	<ul style="list-style-type: none"> ➤ Environmental Data (Japanese only) ➤ Preventing Air/Water Pollution and Protecting Water Resources
Core EN22.	Total weight of waste by type and disposal method.	8	6.5 6.5.3	P37-39 P71	<ul style="list-style-type: none"> ➤ Business Activities and the Environment ➤ Waste Reduction
Core EN23.	Total number and volume of significant spills.	8	6.5 6.5.3	P75-77	➤ Control and Reduction of Chemical Substances in Manufacturing
Aspect: Products and Services					
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	P44-46 P53-54 P61-62	<ul style="list-style-type: none"> ➤ Environmental Action Plan ➤ Reducing Hazardous Substances in Products ➤ Eco-friendliness of Key Products
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	P55-56	➤ Product Reuse and Recycling
Aspect : Compliance					
Core EN28.	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.	8	6.5	P70	➤ Preventing Air/Water Pollution and Protecting Water Resources
Aspect : Transport					
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	P59-60 P68-69	<ul style="list-style-type: none"> ➤ Distribution-related Activities ➤ Efforts by Non-manufacturing Facilities

GRI Guidelines		UN Global Compact principles	ISO 26000 core subjects	Corresponding	
				page	website
Aspect : Overall					
Add. EN30.	Total environmental protection expenditures and investments by type.	7, 8, 9	6.5	P43	➤ Environmental Accounting
Social Performance Indicators					
Labor Practices and Decent Work					
	Disclosure on Management Approach	1, 3, 6	6.2 6.4 6.3.10	P9-10 P16 P19-21 P91-100 P105-106 P110-112	➤ CSR Policy ➤ Approach to UN Global Compact ➤ Targets and Results for the Priority Issues ➤ Labor Environment ➤ Promoting CSR-oriented Procurement ➤ Dealing with the Issue of Conflict Minerals
Labor Practices and Decent Work Performance Indicators					
Aspect: Employment					
Core LA1.	Total workforce by employment type, employment contract, and region, broken down by gender.	—	6.4 6.4.3	P91-95	➤ Vigorous Activities Demonstrated by Diverse Employees
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	P91-95	➤ Vigorous Activities Demonstrated by Diverse Employees
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	P89	➤ Personnel System / Human Resource Development / Labor-management Relations
Core LA15.	Return to work and retention rates after parental leave, by gender.	—	6.4 6.4.4	—	—
Aspect: Labor/Management Relations					
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	P89	➤ Personnel System / Human Resource Development / Labor-management Relations
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	P89	➤ Personnel System / Human Resource Development / Labor-management Relations
Aspect: Occupational Health and Safety					
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	P89	➤ Personnel System / Human Resource Development / Labor-management Relations
Core LA7.	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.	1	6.4 6.4.6	P98-100	➤ Health and Safety of Employees
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	P100	➤ Health and Safety of Employees
Add. LA9.	Health and safety topics covered in formal agreements with trade unions.	1	6.4 6.4.6	P98	➤ Health and Safety of Employees
Aspect: Training and Education					
Core LA10.	Average hours of training per year per employee by gender, and by employee category.	—	6.4 6.4.7	P89	➤ Personnel System / Human Resource Development / Labor-management Relations
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	P91	➤ Vigorous Activities Demonstrated by Diverse Employees
Add. LA12.	Percentage of employees receiving regular performance and career development reviews, by gender.	—	6.4 6.4.7	P89	➤ Personnel System / Human Resource Development / Labor-management Relations
Aspect: Diversity and Equal Opportunity					
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	P93-94	➤ Vigorous Activities Demonstrated by Diverse Employees
Aspect : Equal Remuneration for Women and Men					
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	—	—

GRI Guidelines		UN Global Compact principles	ISO 26000 core subjects	Corresponding	
				page	website
Human Rights					
	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	P9-10 P16 P19-21 P91-100 P105-106 P110-112	<ul style="list-style-type: none"> ➤ CSR Policy ➤ Approach to UN Global Compact ➤ Targets and Results for the Priority Issues ➤ Compliance Promotion Activities ➤ Labor Environment ➤ Promoting CSR-oriented Procurement ➤ Dealing with the Issue of Conflict Minerals
Human Rights Performance Indicators					
Aspect: Investment and Procurement Practices					
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	P105-106	<ul style="list-style-type: none"> ➤ Promoting CSR-oriented Procurement
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	P16 P86-87 P89-90	<ul style="list-style-type: none"> ➤ Approach to UN Global Compact ➤ Compliance Promotion Activities ➤ Personnel System / Human Resource Development / Labor-management Relations
Aspect: Child Labor					
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	P89-90 P105-106 P110-112	<ul style="list-style-type: none"> ➤ Personnel System / Human Resource Development / Labor-management Relations ➤ Promoting CSR-oriented Procurement ➤ Dealing with the Issue of Conflict Minerals
Aspect: Forced and Compulsory Labor					
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	P89-90 P105-106 P110-112	<ul style="list-style-type: none"> ➤ Personnel System / Human Resource Development / Labor-management Relations ➤ Promoting CSR-oriented Procurement ➤ Dealing with the Issue of Conflict Minerals
Aspect: Security Practices					
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	—	—
Aspect: Assessment					
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	P89-90 P105-106 P110-112	<ul style="list-style-type: none"> ➤ Personnel System / Human Resource Development / Labor-management Relations ➤ Promoting CSR-oriented Procurement ➤ Dealing with the Issue of Conflict Minerals
Aspect: Remediation					
Core HR11.	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	—	6.3 6.3.6	P85	<ul style="list-style-type: none"> ➤ Compliance Promotion Activities
Society					
	Disclosure on Management Approach	10	6.2 6.6 6.8	P9-10 P19-21 P101-104	<ul style="list-style-type: none"> ➤ CSR Policy ➤ Targets and Results for the Priority Issues ➤ Social Contribution Activities
Society Performance Indicators					
Aspect: Local Communities					
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.	—	6.3.9 6.5.3 6.5.6 6.8	P75-77	<ul style="list-style-type: none"> ➤ Control and Reduction of Chemical Substances in Manufacturing

GRI Guidelines		UN Global Compact principles	ISO 26000 core subjects	Corresponding	
				page	website
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	P75-77	➤ Control and Reduction of Chemical Substances in Manufacturing
Aspect: Corruption					
Core SO2.	Percentage and total number of business units analyzed for risks related to corruption.	10	6.6 6.6.3	P32 P86-87 P105-106	➤ Risk Management ➤ Compliance Promotion Activities ➤ Promoting CSR-oriented Procurement
Core SO3.	Percentage of employees trained in organization's anti-corruption policies and procedures.	10	6.6 6.6.3	P85	➤ Compliance Promotion Activities
Core SO4.	Actions taken in response to incidents of corruption.	10	6.6 6.6.3	P87	➤ Compliance Promotion Activities
Aspect : Public Policy					
Core SO5.	Public policy positions and participation in public policy development and lobbying.	1-10	6.6 6.6.4 6.8.3	—	—
Product Responsibility					
	Disclosure on Management Approach	1, 8	6.2 6.6 6.7	P12 P9-10 P22-23	➤ Dialogue with Stakeholders ➤ CSR Policy ➤ Quality Control
Product Responsibility Performance Indicators					
Aspect: Customer Health and Safety					
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	P12 P22-23	➤ Dialogue with Stakeholders ➤ Quality Control
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	6.3.9 6.6.6 6.7 6.7.4 6.7.5	P23	➤ Quality Control
Aspect : Product and Service Labeling					
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	6.7 6.7.3 6.7.4 6.7.5 6.7.6 6.7.9	—	—
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	P12, 13 P17-18	➤ Dialogue with Stakeholders ➤ Stakeholders Evaluation
Aspect : Marketing Communications					
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.

Picture on the front cover

Prize-winning work in the 22nd International Children's Painting Competition on the Environment, jointly organized by the United Nations Environment Program (UNEP) and the Foundation for Global Peace and Environment (FGPE).

Theme: "Water – Where does it come from?"

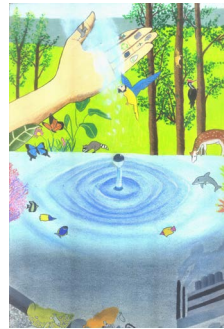
Web The International Children's Painting Competition
<http://www.nikon.com/about/csr/society/earth/icpc/>



Latin America and Caribbean regional winner, 5th prize global winner
 Juan David Diaz Monique (Columbia, 12 years)



Europe regional winner, 5th prize global winner
 Yevgeniya Zakharchuk (Ukraine, 14 years)



2nd prize global winner
 Wesley Gong (The United States of America, 14 years)



1st prize global winner
 Chiratchaya Kaeokamkong (Thailand, 12 years)



Nikon Corporation is recognized by SRI rating agencies, and is included in the FTSE4Good Index Series, the Morningstar Socially Responsible Investment Index (MS-SRI), the ECPI Ethical Index Global and the Ethibel EXCELLENCE (Ethibel Investment Register). Nikon Corporation was also selected as one of the Nadeshiko Brand companies for two consecutive years, by the Japanese Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange.



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