



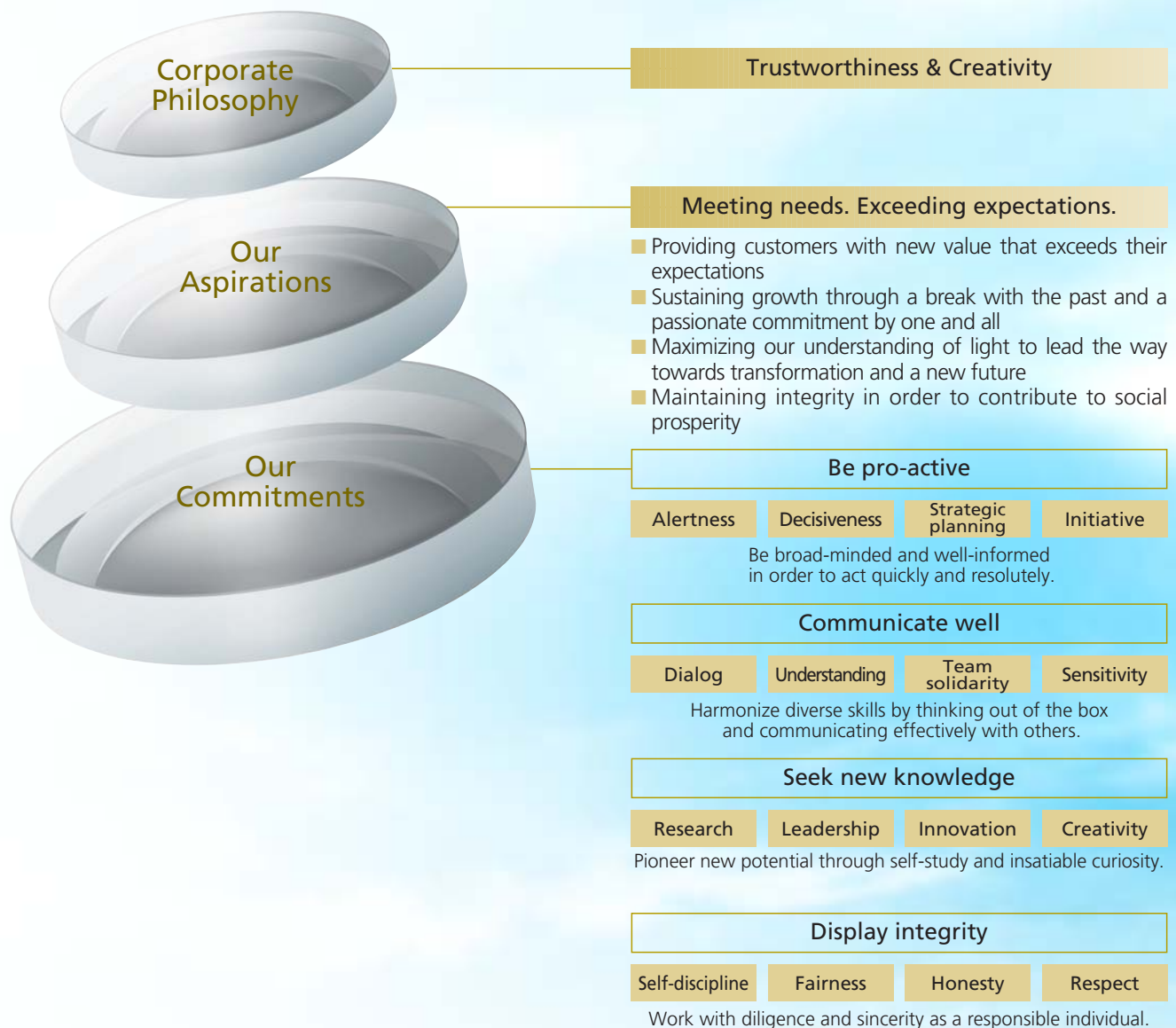
Nikon CSR REPORT **2009**

Meeting Needs. Exceeding Expectations.

Stakeholders expect Nikon to develop high-quality products, establish highly energy-efficient production systems, trade honestly, and manage its business in a transparent manner.

Nikon will meet and exceed all these expectations in its eternal, ambitious quest for “Trustworthiness and Creativity,” which forms its corporate philosophy.

All we do is driven by a commitment to see that Nikon continues to supply value to the world.



Editorial policy

The Nikon Group is fully aware that in order to enhance the valued relationship of trust we have with all of our stakeholders, it is of vital importance to proactively and frankly disclose corporate information. As such, this report, published annually, serves as an important tool for promoting communication between Nikon and its stakeholders.

Term and Scope of Report

This report focuses on the period from April 1, 2008 to March 31, 2009 (the year ended March 31, 2009), and also includes matters regarding major developments up to June 1, 2009. In this report, we use "Nikon" to refer to the Nikon brand; "Nikon Corporation" to refer only to the parent company; "Group companies" to collectively refer to Nikon Corporation's 48 consolidated subsidiaries and two equity method affiliates; and "Nikon Group companies" to refer to Nikon Corporation and Group companies. In cases where a specific scope is defined, the details regarding such are clearly specified in each respective section. Unless otherwise stated, the term 'employees' includes Nikon Group corporate executives, permanent employees, non-regular staff, contract workers, dispatched workers, part-time employees, and temporary personnel.

References

This report has been drawn up with reference to the Sustainability Reporting Guidelines, 3rd Edition published by the Global Reporting Initiative (GRI), and the Environmental Reporting Guidelines (2007) of the Japanese Ministry of the Environment. A GRI Guidelines comparison table can be found on the Nikon website.

Web

The Nikon website features this report together with a wide range of other information.

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

Next Edition (Plan)

September 2010
(previous edition appeared in September 2008)

Report Production Department and Contact Information

CSR Section, Corporate Planning Department
NIKON CORPORATION

Fuji Bldg., 2-3, Marunouchi 3-chome,
Chiyoda-ku, Tokyo 100-8331, Japan

Tel: +81-3-3216-1011

Fax: +81-3-3216-1339

Email: csr.info@nikon.co.jp

■ Environmental matters

Environmental Administration Section
Environmental & Technical Administration
Department

NIKON CORPORATION

6-3, Nishiohi 1-chome,
Shinagawa-ku, Tokyo 140-8601, Japan

Tel: +81-3-3773-1125

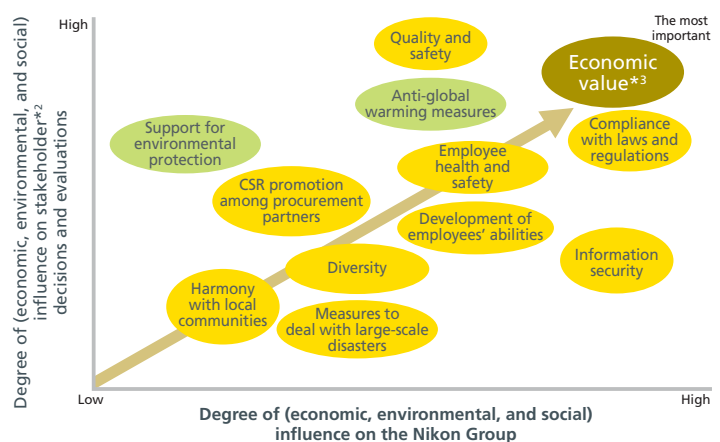
Fax: +81-3-3775-9542

Email: Eco.Report@nikon.co.jp

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Content of the CSR Report Decided According to the Principle of Materiality*¹ in the GRI Guidelines



*1 Important concerns for companies and stakeholders, namely subjects that influence their decisions and subjects that have a large economic, environmental, and social influence on their sustainability should be reported.

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

*3 Economic reporting will be done through annual reports and financial reports.

Note: The content was decided by the CSR Committee.

Focusing on CSR to Meet Social Expectations Even in the Face of the Severe Business Environment

The Nikon Group has been implementing a range of CSR-related measures since 2006, listing “CSR-oriented management” as one of its priorities in its Medium Term Management Plan. In 2007 we celebrated our 90th anniversary, and to mark this event announced a new management vision concept—“Meeting needs. Exceeding expectations.” and formulated the Nikon Corporate Social Responsibility (CSR) Charter to show our basic attitude toward CSR. In July 2007, we participated in the United Nations Global Compact and expressed our support for its 10 principles regarding human rights, labor standards, the environment, and anti-corruption, thereby clearly showing our focus on CSR both inside and outside the Group.

In 2008, the Nikon Group faced a very severe business environment due to the rapidly unfolding economic depression. We will continue to face difficulties in 2009 and it is now absolutely essential that we make a concerted effort to implement structural reforms and put our business onto a sustainable growth track once again. Although the circumstances are severe, however, we will never change our CSR-oriented policies. For the Nikon Group, CSR means to remove waste and maximize efficiency, continue business in a sincere and sound manner, contribute to the sustainable development of society, and meet and exceed the expectations of our customers and society at large.

The Nikon Group is engaged in businesses that underpin the foundation of society and those that give inspiration and bring people excitement. In our CSR activities, we must give first priority to constantly providing society with useful products and services that are high in quality and safety by utilizing the technologies that we have accumulated since our foundation.

To this end, each and every employee within the Nikon Group must carefully listen to the opinions of both

customers and the general public to identify their needs, some of which customers themselves have yet to recognize, and to create new value that exceeds their expectations. This is precisely what I believe the Nikon Group should achieve in the future.

Prevention of global warming is one of the top challenges to be met for the sustainable development of global society. Accordingly, the Nikon Group launched a global warming prevention project in October 2007. Under this project, we set greenhouse gas emission reduction targets and have been implementing measures to achieve these targets across the Group. Anti-global warming measures also help us reduce our costs, and we will press forward with the reduction of CO₂ emissions at our manufacturing bases. In addition, we will promote the development of highly energy-efficient products, raise environmental awareness of our employees, and foster energy conservation at our offices as well.

The Nikon Group also attributes importance to compliance and diversity issues. In 2008, we established a compliance system for overseas Group companies, to expand the efforts that we had been making to raise compliance awareness among employees of Nikon Group companies in Japan. As a result, overseas Group companies are now also endeavoring to make their employees more aware of the Nikon CSR Charter, the Nikon Code of Conduct, and the United Nations Global Compact. With regard to diversity, we launched an activity to encourage female employees to display more of their abilities at Nikon Corporation and will expand this activity to include other domestic Group companies in 2009.

Moreover, we are conducting social contribution activities in cooperation with NGOs and the local communities near our business sites both inside and

outside Japan. For example, we have established a scholarship program to support the education of the youth in Thailand and are participating in the Mt. Fuji Reforestation Project in Japan. We are also fostering CSR activities across our supply chain, including not only Nikon Group companies but also our suppliers.

In 2008, two years after announcing our CSR-oriented policies both inside and outside the Group in 2006, we conducted an opinion survey on CSR and global warming, targeting employees of Nikon Group companies in Japan. The survey results show that employees are becoming more aware of the issues, but that there is still room for improvement. We will continue to conduct our CSR-oriented business activities to contribute to the sustainable development of society, based on our corporate philosophy: "Trustworthiness & Creativity" and on our management vision: "Meeting needs. Exceeding expectations."

The Nikon Group is committed to proactively and honestly disclosing its corporate information and communicating with its stakeholders, including customers, shareholders and investors, business partners, society at large, and employees. We have created this report to outline the results of our activities in the year ended March 31, 2009 in an even more intelligible manner with reference to international CSR guidelines. For our future activities, we welcome and would greatly appreciate your opinions and comments on this report.

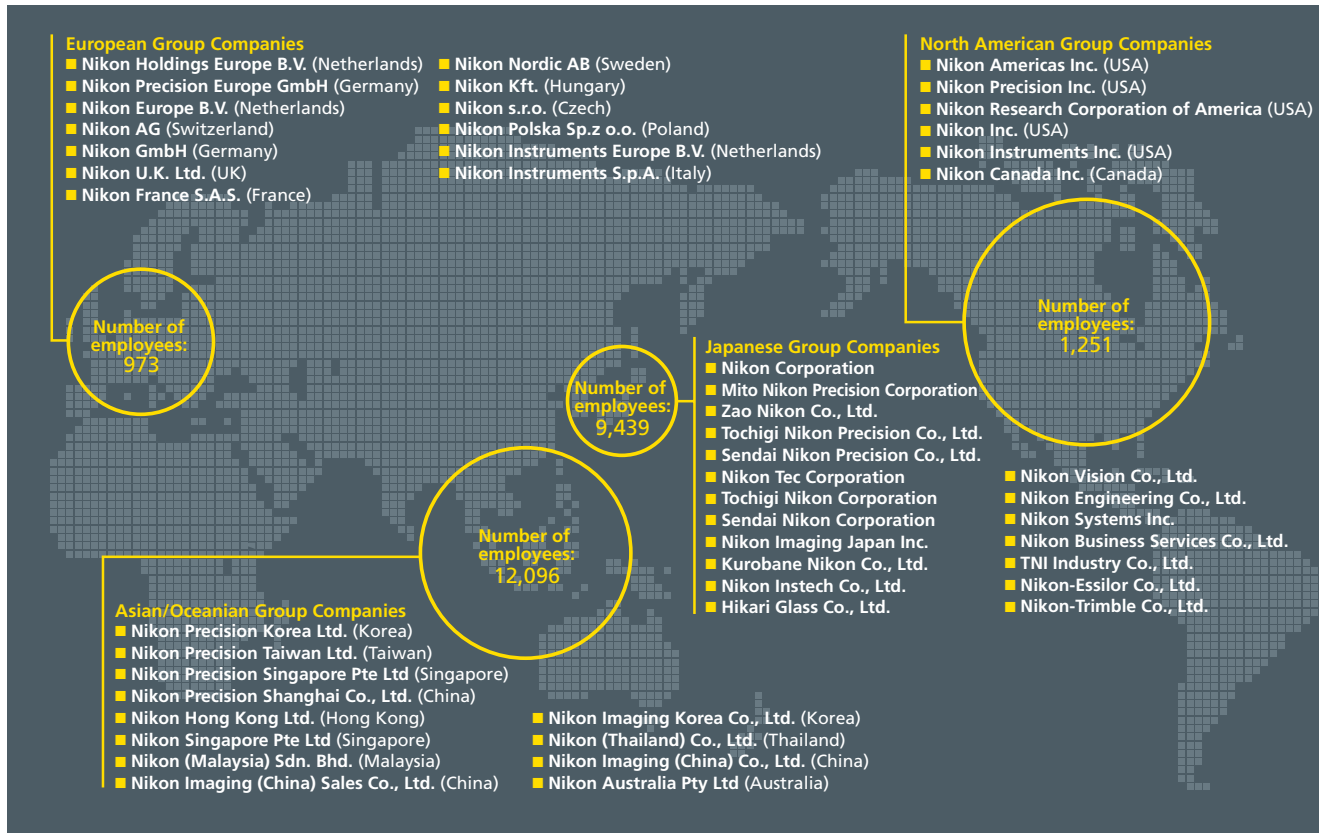


Michio Kariya
Representative Director, President,
CEO, and COO
Nikon Corporation

Michio Kariya

Nikon Group Profile

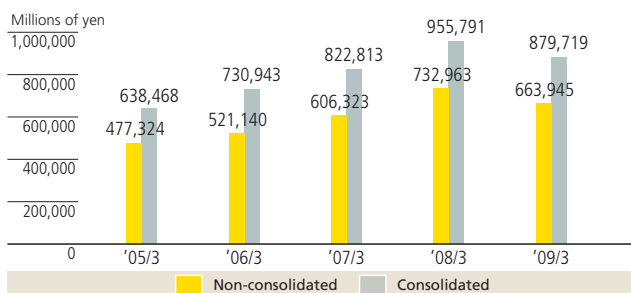
Nikon Group Companies



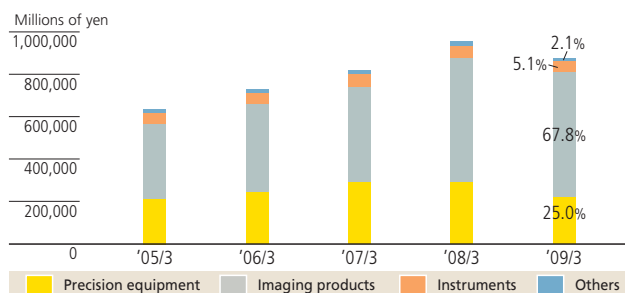
Notes:

- In February 2008, Nikon Photo Products Inc. was renamed Nikon Imaging Japan Inc. Also, in April 2008 Sendai Nikon Corporation was divided into Sendai Nikon Corporation and Sendai Nikon Precision Co., Ltd. Furthermore, Nikon Eyewear Co., Ltd. was removed from the list of Nikon's consolidated subsidiaries at the end of the consolidated fiscal year ended March 31, 2009, following the completion of liquidation.
- The numbers of regional employees do not include the directors of Nikon Corporation or regular employees, part-time employees, temporary personnel, or dispatched workers for the two equity method affiliates, namely Nikon-Essilor Co., Ltd. and Nikon-Trimble Co., Ltd.

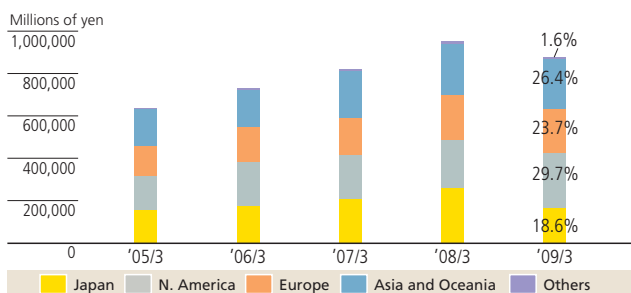
2005–2009 Sales (Non-consolidated, Consolidated)



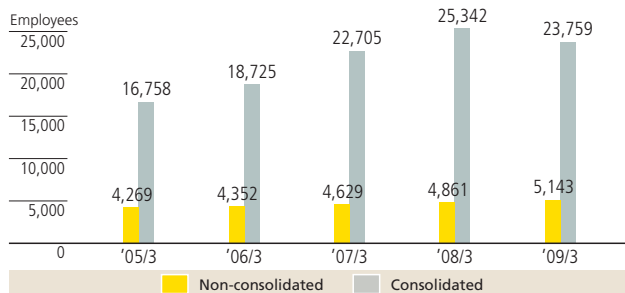
2005–2009 Sales Breakdown by Business (Consolidated)



2005–2009 Sales Breakdown by Region (Consolidated)



2005–2009 Employee Numbers (Non-consolidated, Consolidated)



Corporate Data

Company Name	NIKON CORPORATION
Head Office	Fuji Bldg., 2-3, Marunouchi 3-chome, Chiyoda-ku, Tokyo 100-8331, Japan Tel: +81-3-3214-5311
Date of Establishment	July 25, 1917
Capital	¥65,475 million (as of March 31, 2009)
Net Sales	Consolidated: ¥879,719 million Non-Consolidated: ¥663,945 million (for the year ended March 31, 2009)

No. of Employees* Consolidated: 23,759
Non-Consolidated: 5,143 (as of March 31, 2009)

*Employee figures do not include part-time employees, temporary personnel or dispatched workers.
The consolidated figure does not include the employees of the two equity method affiliates or the directors of Nikon Corporation, although it includes the directors of Group companies.
The non-consolidated figure does not include the directors of Nikon Corporation or the employees of Nikon Corporation who are temporarily dispatched to Group companies.

Major Businesses of the Nikon Group

Precision Equipment Business (Precision Equipment Company*)	• IC steppers and scanners • LCD steppers and scanners
Imaging Products Business (Imaging Company*)	• Digital cameras • Film cameras • Interchangeable lenses • Speedlights • Film scanners • Photographic accessories • Software
Instruments Business (Instruments Company*)	• Biological microscopes • Industrial microscopes • Stereoscopic microscopes • Measuring instruments • Semiconductor inspection equipment
Sport Optics Business (Nikon Vision Co., Ltd.)	• Binoculars • Monoculars • Fieldsopes • Digiscoping system • Fieldmicroscopes • Laser rangefinders • Loupes
Customized Products Business (Customized Products Division*)	• Customized optical equipment • Space-related equipment • Astronomy-related equipment • Optical components
Glass Business (Glass Division*)	• Synthetic silica glass • Calcium fluoride • Photomask substrates for LCD
Encoder Business (Encoder Business Promotion Division)	• Absolute encoders • Digimicro digital micrometer system • Rotary encoders
Ophthalmic Business (Nikon-Essilor Co., Ltd.)	• Ophthalmic lenses • Hearing aids
Surveying Instruments Business (Nikon-Trimble Co., Ltd.)	• Total stations • GPS systems • Construction lasers • Theodolites • Levels • Surveying CAD systems

*Three companies and two divisions are Nikon Corporation's organizational names.

Medium Term Management Plan

■ Management Policy

In the face of this severe business environment, we will promptly implement structural reforms and complete preparations for the coming economic recovery, thereby returning to a sustainable growth track.

■ Key Objectives

Strengthening competitiveness in core businesses and increasing the Group's profitability

Identifying new directions for business and creating a new mainstay business through appropriate allocation of resources

Focusing on cash flow to strengthen the financial structure

Focusing on compliance, human resources development, and environmental management to foster CSR activities

■ Consolidated Targets for the Year Ending March 31, 2012

Net sales	¥800 billion
Operating income	¥72 billion
Current net income	¥40 billion

■ Business Strategy

Precision Equipment Company

To optimize the bases to develop and commercialize leading-edge IC steppers and scanners

Imaging Company

To develop and commercialize next-generation digital cameras
To become more resistant to fluctuations in the foreign exchange market and exploit the markets of emerging economies more deeply

Instruments Company

To promote the development of new products in the fields of biological and industrial equipment

New Businesses

To foster the creation of new business and search for new business areas

Becoming a Truly Outstanding Company through a Global Warming Prevention Project

The Nikon Group's commitment to preventing global warming

In October 2007, Nikon Group launched a global warming prevention project with the aim of tackling the aggravating global warming problem across the whole Nikon Group. Under this project, all employees are making efforts to reduce CO₂ emissions while striving to increase the energy efficiency of Nikon products.

Interview with the Executive Vice President

Ichiro Terato

Representative Director, Executive Vice President and CFO
Director in charge of the global warming prevention project
Nikon Corporation

Ichiro Terato



Q. What is Nikon Group's policy in dealing with global warming?

A. We believe that preventing global warming is a great challenge for humankind. At the G8 Hokkaido Toyako Summit held in July 2008, the leaders adopted the long-term target of reducing global greenhouse gas emissions by at least 50% by 2050, as is clearly stated in the Leaders Declaration. The international community shares the understanding that the situation with global warming is very serious and we have no time to lose in addressing this problem. Under these circumstances, we must conduct our corporate activities while minimizing our CO₂ emissions and environmental impact to fulfill our responsibility as a corporate citizen.

Q. What approach does Nikon Group take in preventing global warming?

A. Anti-global warming measures are one of Nikon Group's management priorities, and we launched a global warming prevention project in October 2007. Under this project, we have set greenhouse gas emission targets, and all employees are endeavoring to achieve these targets.

In addition to reducing CO₂ emissions from our production activities, we are also developing and providing more energy-efficient products, in order to reduce CO₂ emissions in the use phase of our products.

Q. What are you specifically doing in the project?

A. In our global warming prevention project, in which we give first priority to the effective use of energy

and the reduction of energy consumption with a view to reducing the Nikon Group's overall global greenhouse gas emissions, we set greenhouse gas emission reduction targets to be achieved in the three years up to the end of March 31, 2011. Specifically, we aim to reduce our total CO₂ emissions in Japan by 11% from the level in the year ended March 31, 2006 and to reduce our CO₂ emissions per unit of sales by 15% at our major Group companies in Asia.

We have established global warming prevention project working groups in each of our business segments, including the Precision Equipment Business, Imaging Products Business, Instruments Business, and Glass Business. These working groups examine and formulate effective measures that reflect their business situations and implement the measures step by step.

Q. Could you give some examples of measures that you are taking to reduce CO₂ emissions produced by Nikon products and services?

A. We are committed to developing and designing all Nikon products, regardless of whether they are for general consumers or for industrial use, in such a way as to minimize CO₂ emissions in their use phase. For example, we have achieved a substantial improvement in the energy efficiency of our IC steppers and scanners by miniaturization, expanding the wafer size, and improving the throughput. We are also implementing measures for our cameras to continuously and significantly improve their environmental performance by increasing their energy efficiency and extending their product lives.

In addition to reducing the environmental impact and CO₂ emissions caused by production at our factories, we are also making efforts to reduce the impact and emissions caused by our products throughout their lifecycles, including in the procurement, marketing, transportation, and recycling phases.

For example, Nikon provides customers with a repair service called "Cool Pit Service." In this service, all the parts of a product that need repair are replaced as a set, excluding the exterior parts, in order to save on repair costs and time. Parts recycled under strict quality control from old products account for a large percentage of the internal parts used to replace worn ones.

We are reducing the amount of fuel used and raising the safety awareness of the drivers who transport our products by introducing digital tachometers on all the large trucks used for transportation. This allows us to record and manage their transportation routes, maximum speeds, and patterns involving sudden starting, acceleration, and braking.

Q. Could you give some examples of the CO₂ emission reduction measures being implemented on your sites?

A. We are implementing a wide spectrum of measures, including introducing highly efficient devices, promoting fuel conversion, using more energy-efficient air conditioners and lighting equipment, improving production processes, and introducing natural energy sources (solar power and wind power generation). Talking of natural energy sources, the Kumagaya Plant will start to operate a solar power generation system in the second half of this year.

To halt global warming, in addition to implementation of a range of measures by national and local governments as well as by companies, it is critical that each and every citizen increases their environmental awareness and leads a more environmentally conscious life. Based on this recognition, we held a campaign to prevent global warming targeting employees and their families in the year ended March 31, 2009. In this campaign, we introduced them to activities that would help prevent global warming through seminars and via the in-house magazine. We also publish a monthly pamphlet on the prevention of global warming, which explains the mechanism of global warming, its impact, and what we can do to prevent it in an easy-to-understand way, sometimes as a narrative. As a result, employees are becoming more environmentally friendly than before, and we often receive improvement proposals from general employees, including proposals on environmental conservation.

Q. What does Nikon Group want to accomplish in the future?

A. As I told you at the beginning of this interview, we must contribute to preventing global warming to fulfill our responsibility as a corporate citizen. All Nikon Group companies will adhere to the Group's basic policy of making environmental protection and economic growth compatible and will make efforts to achieve substantial reductions in emissions of CO₂ and other greenhouse gases.

Adhering to its corporate philosophy of "Trustworthiness and Creativity," Nikon Group will continue to deliver high-quality products and services capitalizing on its long accumulated experience and technological expertise. At the same time, we aim to make the company a "truly outstanding company" also in terms of environmental protection by trying to minimize the environmental impact of the activities we conduct in full consideration of the environment.



Product-related Activities

The Nikon Group has improved the energy efficiency of its products using its accumulated technological expertise.

Precision
Equipment
Company
Products



NSR-S210D
KrF scanner

NSR-S210D KrF scanner (Released in May 2008)

The NSR-S210D KrF scanner employs an acclaimed tandem stage to increase accuracy and throughput, achieving a 20% improvement in productivity compared with the previous model. We have designed this model to be highly environmentally friendly by using our own developed environmentally sound optical glass ("Eco-glass") wherever possible in the optical system and by proactively using circuit boards fabricated with lead-free solder.

Environmentally friendly features

- **Energy efficiency:** 13.5% higher than the NSR-S207D in exposure of a 300 mm wafer (Calculated based on Nikon Corporation's own criteria for the number of cells that can be exposed per unit of power)
- **Lead-free solder:** Used in 95.7% of new circuit board designs
- **Elimination of hexavalent chromium:** The use of hexavalent chromium in the surface treatment process of components specifically prohibited on drawings
- **Eco-glass usage:** 98.5%
- **Ozone layer protection:** Use of new HFC refrigerant with zero ozone depletion potential (ODP) for temperature control and air conditioning chillers

Nikon's IC steppers and scanners usher in an era of ultrahigh-density integrated circuits (ICs), greatly contributing to sustainable improvements in resource efficiency.

FX-85S exposure system for liquid crystal displays (Released in October 2008)

The FX-85S exposure system for liquid crystal displays (LCDs) supports the 8th generation plate sizes with a productivity that is 20% higher than the previous model. Based on Nikon's unique and distinguished optical technologies that ensure high productivity, the system enables the most efficient mass production of 40- to 50-inch wide panels.

Environmentally friendly features

- **Energy efficiency:** 25% higher than the FX-83S (Calculated based on Nikon Corporation's own criteria for the area that can be exposed per unit of power; and compared with the previous model under the same conditions, namely by setting at three the maximum number of lamps that can be installed)
- **Lead-free solder:** Used on 100% of new circuit boards
- **Ozone layer protection:** Use of new HFC refrigerant with zero ozone depletion potential (ODP) for temperature control and air conditioning chillers



FX-85S
exposure system for LCDs

Voice Developing technologies to support the LCD industry in environmental measures

For the FX-85S, which is the successor to the FX-83S, we have developed and adopted a range of new technologies to improve the processing capacity. As a result, the FX-85S system has become more productive than the previous model without compromising its high performance and production stability.

With its high performance and production stability, the system greatly helps our customers increase their yield and operating rate and brings various other benefits to customers.

In recent years, the LCD panel manufacturers, who are our customers, have also been implementing environmental measures. For example, they are developing substantially more energy-efficient panels while reducing the number of work processes and the use of materials by devising better production processes. Leading on from this, these customers are increasingly demanding us to improve the stability of the exposure accuracy in our products. In response, we have been constantly improving our technologies and have achieved a higher level of accuracy for the FX-85S.

The FX-85S is a product that can meet the environmental needs of the entire LCD industry, and we therefore introduce it to our customers with strong self-confidence.



Hitoshi Mizuno
Mechanical and System
Development Section
First Development Department
LCD Equipment Division
Precision Equipment Company
Nikon Corporation

Imaging Company Products

D90 digital SLR camera (Released in September 2008)

We have achieved an image quality, sensitivity, and functionality equivalent to the D300, the highest Nikon model in the DX format, for this medium-sized (D80 size) camera at a reasonable price. This compact and highly cost effective camera is also the world's first digital SLR camera equipped with a movie function (D-Movie).

Environmentally friendly features

- **Energy efficiency:** About 56% higher than the D80 (Number of pictures that can be taken: About 4,200 for the D90 and about 2,700 for the previous D80 model when the same Nikon battery is used at room temperature under Nikon Corporation's test conditions)
- **Extended product life:** Substantial improvement in the durability of shutter release (to 100,000 operations)
- **Reduction of hazardous substances:** Meets the criteria of the Nikon Green Procurement Standards and the RoHS Directive in force in Europe
- **Lead-free solder:** Used on all circuit boards
- **Eco-glass usage:** 100%



D90 digital SLR camera



PC-E Micro NIKKOR
85 mm F2.8D
interchangeable lens

PC-E Micro NIKKOR 85 mm F2.8D interchangeable lens (Released in August 2008)

This medium telephoto micro PC lens with a focal length of 85 mm features a tilt/shift mechanism that provides extraordinary control over the relationship between the optical axis of the lens and the image plane. Also, by adopting an electromagnetic diaphragm, the operability of the lens has been greatly improved. Furthermore, the Nano Crystal Coat effectively reduces ghosting and flare, enabling the user to obtain clear images.

Environmentally friendly features

- **Reduced weight:** Much lighter (by about 20%) than the previous model (PC Micro NIKKOR 85 mm F2.8D)
- **Reduction of hazardous substances:** Meets the criteria of the Nikon Green Procurement Standards and the RoHS Directive in force in Europe



COOLPIX S620
digital camera

Voice Making strenuous efforts to develop the D90

We planned to develop the D90 as the world's first digital SLR camera equipped with a movie function (D-Movie). Also, we wanted to accelerate the camera's operating speed and equip it with the Live View shooting function. All these elements would increase its power consumption, and we therefore needed to design the camera to be highly energy efficient. In order to extend the battery life used for the camera as much as possible, we adopted a CMOS sensor, developed an image processing engine that would make high-speed processing and lower power consumption compatible, designed an highly-efficient power system, and optimized the actuators in the design planning stage. Then in the final development stage for commercialization, we worked on minimizing the electric currents distributed to each signal line, in order to drastically reduce power consumption in the camera. As a result, we were able to increase the number of still images that can be taken by the D90 compared with the D80. We also achieved high practicability for the Live View and D-Movie functions (can operate for about 2.5 hours in total when using the EN-EL3e rechargeable battery).

Riichi Higaki
Manager, First Design Section
First Design Department
Development Headquarters
Imaging Company
Nikon Corporation



COOLPIX S620 digital camera (Released in February 2009)

This compact digital camera boasts the world's fastest start-up time in its class. It also features a 28 mm wide-angle capability, 4x optical zoom, 12.2-megapixel CCD, large 2.7-inch LCD monitor, and a high-end aluminum alloy body. Being attractively priced, the S620 is highly cost-effective with numerous convenient functions, such as lens-shift image stabilization, ISO 6400 High-Sensitivity mode, and Subject Tracking for automatic tracking and focusing on a moving subject.

Environmentally friendly features

- **Energy efficiency:** 35% higher than the previous model (COOLPIX S50), even with an increase in the number of pixels and higher operating speed and sensitivity
- **Reduction of hazardous substances:** Meets the criteria of the Nikon Green Procurement Standards and the RoHS Directive in force in Europe
- **Lead-free solder:** Used on all circuit boards
- **Eco-glass usage:** 100%

Instruments
Company
Products



Measuring Microscope MM-200

Measuring Microscope MM-200
(Released in March 2009)

This attractively priced, small, light, and high-precision measuring microscope can be used for a wide range of applications in the automotive and electronic parts industries, including use by inspection and quality control departments and use at manufacturing sites. By adopting a high-intensity white LED light source for both diascopic and episcopic illuminators instead of using halogen lamps, the light source running costs are reduced and there is no longer any need to replace the halogen bulbs.

Environmentally friendly features

- **Energy efficiency:** 100% higher than the MM-400
- **Reduction in the use of consumables:** Adoption of a long-life LED light source instead of halogen lamps
- **Lead-free solder:** Used on all the electronic circuit boards

Nikon
Group
Products



Nikon fieldmicroscope
Fabre Photo EX

Nikon fieldmicroscope Fabre Photo EX
(Released in February 2009)

Users of this portable field microscope can take a picture of the subject while observing it by connecting the microscope to a compact digital camera. It can also be connected to a Nikon digital SLR camera using a special attachment. Bioplastic made from corn is used for many of its body surface parts, which contributes to reducing the use of oil resources.

Environmentally friendly features

- **Bioplastic:** Used for five parts on the body
- **Easy recyclability:** Labeling of materials for all the targeted resin parts (weighing 25 g or more) (ISO 11469)
- **Reduction of hazardous substances:** Meets the criteria of the Nikon Green Procurement Standards and the RoHS Directive in force in Europe
- **Eco-glass usage:** 100%

**Total Station NST-305CV featuring
a non-prism measuring function**
(Released in May 2008)

By adopting a newly-developed Nikon optical distance measuring system, this total station boasts a non-prism measuring range of as long as 300 meters (about 50% longer than the previous model). The accuracy level is also improved to a range of ± 4 mm for the measurement of distances at one kilometer with reflector prism. Furthermore, by using the newly-installed "laser guide" function, users of this product can promptly identify the measurement point, which in turn shortens the time for measurement.

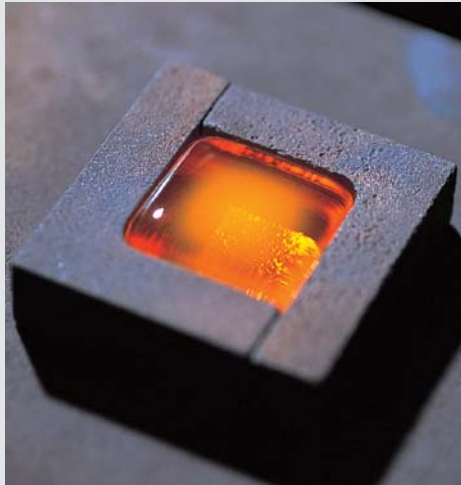
Environmentally friendly features

- **Energy efficiency:** 23% higher than the NST-305C (usable time increased from 6.5 to 8 hours when the same type of battery is used)
- **Reduction of hazardous substances:** Meets the criteria of the Nikon Green Procurement Standards and the RoHS Directive in force in Europe



Total Station NST-305CV
with non-prism measuring function

Environmentally Sound Optical Glass (Eco-glass)



Development of Eco-glass



Lenses and prisms made using Eco-glass

In order to minimize the risk of environmental pollution caused by the use of lead and arsenic in optical glass throughout the product lifecycle, Nikon has developed a lead- and arsenic-free glass ("Eco-glass") and is using it in the optical systems of all its products.

Development of Eco-glass and its use in all products

Since its foundation in 1917 as the first optical glass manufacturer in Japan, Nikon has always attributed special importance to the development and manufacture of optical glass for use in optical equipment. In the 1970s, in order to tackle emerging pollution problems, we reviewed the compositions of various types of optical glass used for our products and discontinued the use of cadmium in them.

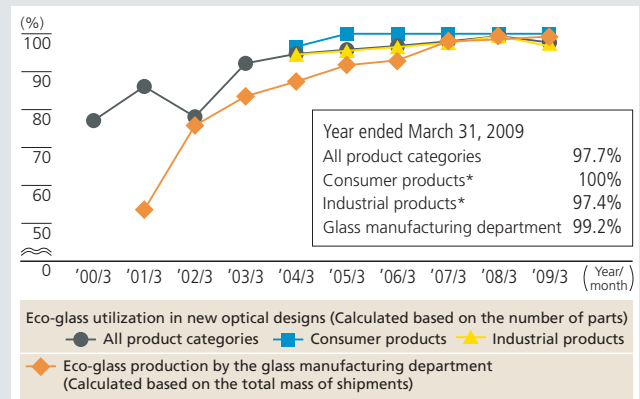
Subsequently in the 1990s, we developed "Eco-glass" that does not contain lead or arsenic, because we regarded our use of lead and arsenic in about 100 types of optical glass up to then as a serious environmental problem for our business activities and products. We thought that the problem should be solved before the arrival of the age of the global environment in the 21st century. Accordingly, over about five years from 1996, we invested nearly 400 million yen in R&D for Eco-glass. Furthermore, we started to use Eco-glass in the optical systems of all our products, including cameras, steppers and scanners, microscopes, and binoculars through close cooperation between the optical glass development/manufacturing department and the optical design department, while ensuring that our products retain higher optical performance than conventional products.

Nikon delivers a wide spectrum of optical devices, which are all expected to constantly provide the highest optical performance in their respective fields. While meeting these expectations, we now use

Eco-glass in nearly 100% of our products, excluding some with special optical specifications that Eco-glass cannot meet.

Nikon will continue to minimize the risk of pollution (air, water and soil pollution, and contamination of waste disposal sites) caused by optical glass containing lead and arsenic throughout the lifecycle of its products, including the exploitation of materials and the manufacture, use, and disposal of products.

Usage rates of Eco-glass



Voice Devoted to the development of Eco-glass

In light of the fact that society's demands for environmental conservation activities were increasing year by year also in Japan, Hikari Glass Co., Ltd. and Nikon Corporation launched a joint project to develop lead- and arsenic-free Eco-glass in 1996. I entered Hikari Glass two years after the start of this project. During my first year in the company, I spent a lot of my time in the laboratory, working on the development of glass compositions. At that time I was not too familiar with optical glass and spent the first year feverishly, without any feeling of accomplishment. In the second year, however, I participated in experiments on the mass production of a new glass composition, which had never been attempted in mass production-scale glass melts before. This experience made me recognize that I was challenging the technological limitations of glass. In particular, the development of the E-LASF09 impressed me greatly. I faced difficulties before the commercialization of this glass because of the problems of devitrification, but was eventually able to develop a good product. I still remember the joy I felt when the product development was finally completed.

I devoted myself to the development of Eco-glass compositions for about three years and developed about 100 types of glass, mainly as one of a team of two developers. We were able to accomplish this development thanks to the support of all those around us and I feel proud that we succeeded in this epoch-making development project. I would like to develop more new glass products in cooperation with others, while sharing my past experience with younger developers.



Yoshiyuki Nakayama
Chief of the First Group
Development Technology Section
Manufacturing Department
Hikari Glass Co., Ltd.

Workplace-related Activities

The Nikon Group reduced CO₂ emissions at its factories by implementing various measures including introducing more energy-efficient equipment.

Reducing CO₂ emissions through fuel conversion (The Mito Plant of Nikon Corporation and Kurobane Nikon Co., Ltd.)

The Mito Plant converted the fuel used in its vacuum hot water heaters (boilers) from heavy oil to LPG* in the middle of October 2008 and this fuel conversion is estimated to help reduce annual CO₂ emissions at the plant by about 169 tons or 14% lower than the level before conversion.

Kurobane Nikon also changed the air heating method adopted at its plant in Nasu from central heating using oil to per-room heating using electricity in April 2008. This will lead to a reduction in CO₂ emissions of about 26.1 tons annually. Furthermore, in November 2008 the company converted the fuel used in the boilers of its plant in Kurobane from heavy oil to LPG, which will result in a reduction in annual CO₂ emissions of about 40 tons.

*LPG: Liquefied petroleum gas



Vacuum hot water heaters (boilers) installed at the Mito Plant



LPG supply facilities



Cogeneration system that recovers waste heat and uses it to supply electricity during the daytime



Highly-efficient boilers fueled by city gas

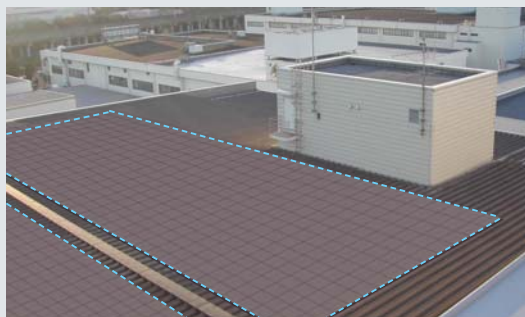
Rebuilding an energy supply system (Sendai Nikon Corporation)

Sendai Nikon has rebuilt its energy supply system by introducing a cogeneration system, improving the efficiency of its heat source equipment, and introducing a monitoring system. By equipping the energy supply system with highly energy-efficient devices and optimizing this through fuel conversion and the use of waste heat, the energy consumption and CO₂ emissions decreased by 12% and 18%, respectively from the previous levels.

Introducing a solar power generation system (The Kumagaya Plant of Nikon Corporation)

The Kumagaya Plant will introduce a solar power generation system that will start operation in the second half of 2009 under a joint research project with the New Energy and Industrial Technology Development Organization (NEDO). By installing new-type solar panels at three locations within its premises, the plant aims to generate at least 100,000 kWh of electricity annually. A monitor that displays the amount of power generated in real time will also be installed in the lobby of the building. The plant will use the generated electricity to power its equipment and this will lead to a reduction in CO₂ emissions of about 50 tons per year.

▶ See also pages 39 and 60 for workplace-related activities.



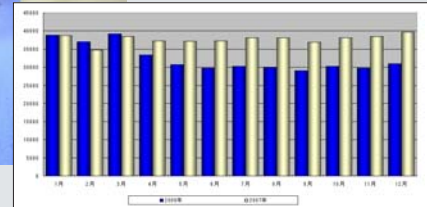
Picture of solar panels to be installed at the Kumagaya Plant

Introducing a system that can visualize power consumption (The Kumagaya Plant of Nikon Corporation)

The Kumagaya Plant started operating a system to “visualize” its power consumption in December 2008. This system shows the plant’s power consumption by area in an intelligible manner using graphs and tables. Employees can view this data over the intranet and implement efficient energy conservation measures, taking changes in the power consumption into consideration. They can also use the system to check the effects of implementing energy-saving measures and raise their awareness about the importance of energy conservation. Similar visualization measures will also be implemented at other plants in the future.



Checking a graph showing power consumption by area



On energy-saving patrol

In February and August, which are designated “Energy-Saving Months” in Japan, domestic Nikon Group companies conduct energy-saving patrols at their sites. In the year ended March 31, 2009, members of the secretariat for the global warming prevention project made “energy-saving diagnoses” at the Nikon Group sites. Specifically, they visited the sites and checked for wasted energy and identified the points that could be improved to achieve higher energy conservation. The results are fed back to the sites for further improvements.



Members making an “energy-saving diagnosis”

Participating in the CSCI

Nikon Corporation is a participating affiliate member of the Climate Savers Computing Initiative (CSCI). The CSCI is an initiative to reduce CO₂ emissions by improving the energy efficiency of computers and servers. Based on the criteria set by the CSCI, we will introduce more energy-efficient PCs and foster the use of power management settings to reduce CO₂ emissions.

Power management settings recommended by the CSCI

- Turn off monitor/display: 15 minutes or less
- Turn off hard disk: 15 minutes or less
- System standby: 30 minutes or less

► For details about the CSCI:

<http://www.climatesaverscomputing.org/>



Logo of the CSCI

Implementing a campaign to prevent global warming

In the year ended March 31, 2009, a campaign to prevent global warming was held all the year long targeting Nikon Group employees. In the campaign, Nikon Corporation held “caravan seminars” at all its plants and published a pamphlet on preventing global warming for employees. Also, the company introduced the six action plans formulated by Team Minus 6% in its in-house magazine Koyu-Tsushin and held an environmental photo contest on the theme of global warming. In the campaign, we conducted a range of activities to raise employees’ awareness about global warming.



Prize-winning photo from the contest

Participating in the Mt. Fuji Reforestation Project



Upper: Volunteers participating in reforestation activities

Lower left: Covering tree trunks with protectors made from biodegradable plastic to protect them from deer

Lower right: A tree planted in May grew higher than the protector. (Photographed in November 2008)

In order to give employees an opportunity to raise their awareness about biodiversity conservation, the Nikon Group began participating in the Mt. Fuji Reforestation Project.

In Japan, there are growing concerns about the devastation of artificially planted forests, which account for about 40% of all forests in the country. Forests in the Mt. Fuji area and their ecological diversity are also endangered due to various factors. In 2002, a single-species coniferous forest (100% Veitch's fir), which is owned by Yamanashi prefecture and located within the Mt. Fuji area in Narusawa Village, suffered serious damage due to pests. Under the Mt. Fuji Reforestation Project, a range of broad-leaved trees (white oak, Siebold's beech, maple, mountain alder, and mountain cherry), which are indigenous to the Mt. Fuji area, were planted in the damaged forest extending over 100 hectares after line-thinning. By steadily and promptly reviving the forest by planting both

coniferous and broad-leaved trees and making it more resistant to environmental changes, the biodiversity of the forest will be restored.

This project is led by OISCA-International with the participation of a number of organizations, including Yamanashi Prefecture and numerous companies and citizens. Nikon is in charge of planting and growing trees in an area of about one hectare over five years, starting from the planting of seedlings. In May 2008, a total of 120 Nikon Group employees and their families planted 1,000 seedlings in the area. Participating employees planted seedlings one by one with their colleagues and families, in particular with their children who would be next-generation leaders. These employees are expected to deepen their understanding of biodiversity conservation and environmental protection and make use of this planting experience in their daily lives.

President Kariya Awarded with PMA Hall of Fame

The Photo Marketing Association (PMA), which is a worldwide community of imaging associations, annually chooses a person who contributed to the imaging industry as the recipient of PMA Hall of Fame since 1968.

President Kariya of Nikon Corporation was selected as the 2009 PMA Hall of Fame recipient, and received the award at the award ceremony held in Las Vegas in March 2009.



President Kariya attending the PMA Hall of Fame award ceremony

Receiving a Number of Awards for Digital Cameras

In the annual survey on customer satisfaction with after-sales services by Nikkei Business in Japan in 2008, Nikon Corporation ranked first in the digital camera category for the fourth time in a row. The company has received this honor six times over the last nine surveys conducted by the magazine. Also in the United States in 2008, the company was awarded the Martin Strauss Memorial Manufacturer Service Support Award by the National Association of Photo Equipment Technicians (NAPET) for the eighth consecutive year. Not satisfied with the status quo, we will continue to provide customers with even better after-sales services to meet their requests and expectations.

In addition, the Nikon D3 digital SLR camera won three leading awards for cameras around the globe. Specifically, the product won the CAMERA GRAND PRIX 2008 Camera of the Year in Japan and was selected as the best professional digital SLR camera at the TIPA Awards 2008 and received the EISA Award in Europe (see page 69).



D3 digital SLR camera

CSR-related Events Held by Overseas Group Companies: Nikon (Thailand) Co., Ltd.

The Nikon Group is encouraging its overseas Group companies to conduct more CSR activities, and Nikon (Thailand) Co., Ltd. held an exhibition on CSR, industrial health and safety, and the environment as well as an event to support the campaign to eliminate illegal drugs conducted by the Thai government. For four days from January 27, 2009, a total of 4,000 employees participated in these events. Participants deepened their understanding of the Nikon Corporate Social Responsibility (CSR) Charter and the Nikon Code of Conduct and increased their awareness of industrial safety and health by viewing and ranking the CSR-related workplace bulletin boards and enjoying quizzes and games. We will continue to raise employees' CSR awareness through training and by other means.



Competition for CSR-related workplace bulletin boards

Nikon's CSR Policy

In order to be an enterprise trusted by all, the Nikon Group has formulated "Our Aspirations" and "Our Commitments" to articulate the corporate philosophy. In 2007, we also participated in the United Nations Global Compact. We are thus striving to put CSR into practice.

Nikon High-Level Policy



Our Aspirations

Meeting needs. Exceeding expectations.

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

Our Commitments

Be proactive: Alertness, Decisiveness, Strategic planning, Initiative

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

Communicate well: Dialog, Understanding Team solidarity, Sensitivity

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

Seek new knowledge: Research, Leadership, Innovation, Creativity

- Pioneer new potential through self-study and insatiable curiosity.

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

- Work with diligence and sincerity as a responsible individual.

Ten Principles of the Global Compact

[Human Rights]

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

[Labor Standards]

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

[The Environment]

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

[Anti-Corruption]

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



Nikon Corporate Social Responsibility (CSR) Charter

Established April 27, 2007

1. Sound corporate activities

The Nikon Group endeavors to comply with international regulations, related laws, and internal rules, exercise sound and fair corporate practices, earn the trust of stakeholders such as customers, shareholders, employees, business partners, and society. The Group will maintain constructive relationships with administrative bodies, remaining politically neutral and complying with laws, and will not engage in relationships with individuals or groups that threaten social order or safety.

2. Provision of valuable goods and services for society

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

3. Respect for human beings

The Nikon Group will respect diversity and individual human rights and provide a healthy and safe 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. Transparent operating activities

The Nikon Group will communicate extensively with customers, shareholders, employees, business partners, and society and disclose business information in a timely and fair manner. It will also conduct reliable financial reporting through accurate accounting processes.

7. Responsibility of top management

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

Nikon Code of Conduct

Formulated on May 1, 2001 and revised on April 1, 2008

1. Basic Matters

- | | |
|------------------------------|-----------------------------------------------|
| (1) Respect for human rights | (3) Social responsibilities and contributions |
| (2) Compliance | |

2. Response to Customers, Trading Partners, etc.

- | | |
|-----------------------|----------------------------------------------|
| (1) Fair competitions | (4) Entertainment and gifts |
| (2) Legal contracts | (5) Response to officials of public agencies |
| (3) Export control | |

3. Environment

- | | |
|-------------------------------------------|------------------------------------------------------------------|
| (1) Prevention of pollutions | (3) Green procurement |
| (2) Efficient use of energy and resources | (4) Provision of environmentally conscious products and services |

4. Information Management

- | | |
|---------------------------------------|-----------------------------------------------|
| (1) Treatment of business information | (2) Treatment of intellectual property rights |
|---------------------------------------|-----------------------------------------------|

5. Proper Accounting Practices

6. Creation of a Comfortable Working Environment

- | | |
|------------------------------|-------------------------------------------|
| (1) Consideration for others | (3) Fair and appropriate labor management |
| (2) Safety-conscious | |

7. Points to Note in Daily Business

- | | |
|-----------------------------------------------------|---------------------------------------------------------------------------------|
| (1) Appropriate and sincere performance of business | (2) Protection of corporate assets and separation of public and private matters |
|-----------------------------------------------------|---------------------------------------------------------------------------------|

8. Honoring the Company Name as Individuals and Members of the Nikon Group

- | | |
|------------------------------------|-----------------------------------------------------------|
| (1) Avoiding conflicts of interest | (5) Ban on dealing with antisocial individuals and groups |
| (2) Side business | (6) Political and religious activities |
| (3) Ban on insider trading | |
| (4) Volunteer activities | |

Nikon's CSR Activities

In addition to setting up a CSR Committee and expert subcommittees that represent a cross-section of the organization, the Nikon Group has developed a Medium Term Plan and is working to ensure more practical and effective CSR activities.

CSR Medium Term Plan

Basic Approach to the CSR Medium Term Plan

In the Medium Term Management Plan announced in 2006, the Nikon Group set forth CSR-oriented management as one of its priority policies, and it has been implementing this. CSR is the key to realizing the corporate philosophy of Trustworthiness & Creativity and the management vision of "Meeting needs. Exceeding expectations." The Group is thus committed to business activities that prioritize CSR in the years ahead.

In the year ended March 31, 2009, we also formulated our first CSR Medium Term Plan to clearly state our priority CSR measures, and have since been implementing them. With the entire Group engaged in highly transparent and sincere management that contributes to environmental protection and emphasizes CSR, we are aiming to be a truly outstanding company, well respected by our stakeholders.

Priority Policies of the CSR Medium Term Plan (Three-year plan, from April 2009 to March 2012)

Expanding and promoting environmental management

Globally promoting compliance activities

Expanding social contribution activities worldwide

Implementing a risk management PDCA cycle

Fostering diversity activities

Expanding CSR-oriented procurement

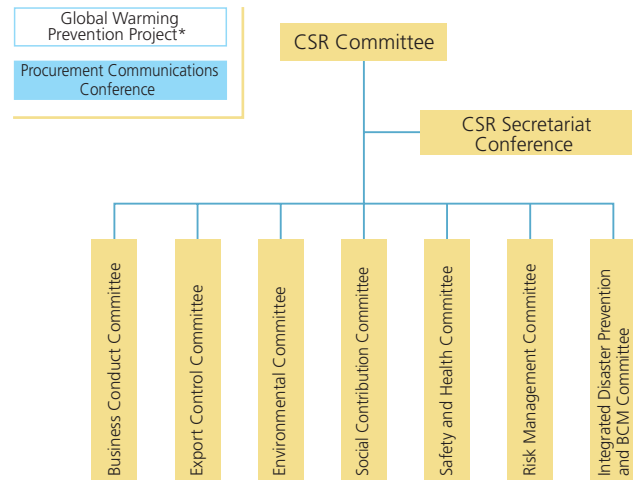
Promoting communication with stakeholders

CSR Promotion Organization

In order to achieve our corporate goal of sincere and highly transparent management, we have established our CSR Committee (Secretariat: CSR Section, Corporate Planning Department), through which we are further raising employees' awareness of CSR and encouraging them to conduct CSR activities in a steady manner.

The CSR Committee, which meets twice a year, is chaired by the president of Nikon Corporation and composed of the company's standing directors and heads of the CSR-related departments. The CSR Committee implements comprehensive measures for CSR, supervising the activities of the following seven subordinate committees that each focus on an important CSR theme: Business Conduct Committee; Export Control Committee; Environmental Committee; Social Contribution Committee; Safety and Health Committee; Risk Management Committee; and Integrated Disaster Prevention and BCM Committee. Also, the CSR Committee collaborates with two other in-house groups that are not under its supervision, namely the Global Warming Prevention Project and the Procurement Communications Conference, to further strengthen its measures for CSR.

CSR Promotion Organization



*See page 7 for further information.

Secretariats and Chairpersons of CSR-related Committees

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

Promoting CSR in Japan

■ Conducting a Survey Targeting Employees of Nikon Group Companies within Japan

In August 2008, we conducted an awareness survey on CSR and global warming, targeting about 14,000 employees of Nikon Group companies within Japan. Through this survey, we collected data on matters such as the level of employees' awareness of CSR and past CSR activities conducted by the Nikon Group. We received replies from about 63% of targeted employees.

Since January 2009, the survey results have been introduced in a series of articles posted on the blog on CSR that was started on our Vision and CSR Website. In addition, we plan to hold feedback seminars and e-learning sessions so that employees of Nikon Group companies within Japan can share the survey results and further raise their CSR awareness.

Results of the awareness survey conducted across employees of Nikon Group companies within Japan (summary)

1. Measures are being steadily implemented regarding compliance and the quality and safety of Nikon products.
2. Improvements to the working environment are expected to be strengthened.
3. Employees are aware of the importance of environmental measures such as anti-global warming measures but seem to have not yet taken specific actions.
4. Information needs to be dispatched both inside and outside the company in a more proactive manner.
5. Employees are not much interested in social contribution activities or in overseas social problems.

■ Opening the Vision and CSR Website

In July 2008, we launched the Vision and CSR Website, which is accessible to employees of Nikon Group companies within Japan. Moreover, on this intranet site, we opened a blog to introduce our CSR and anti-global warming activities as well as a blog on diversity to disseminate information on improving the employment of women's abilities. We use these blogs as communication tools that employees are familiar with.

■ Holding a CSR seminar for Group companies within Japan

Since August 2007, we have been holding CSR seminars for Group companies within Japan as part of our CSR promotion activities. In the year ended March 31, 2009, we held seminars twice a year focusing on Nikon's CSR, compliance and anti-global warming measures, and a total of 39 employees participated. In addition, we gave a total of nine CSR lectures for new employees including mid-career workers, and 333 employees attended these lectures. We distributed a questionnaire to participants at all these seminars and lectures,

with a view to incorporating the survey results in our future CSR promotion activities.

In November 2007, we began publishing a series of articles on CSR in our in-house magazine *Koyu Tsushin* to raise employees' awareness of CSR. In the year ended March 31, 2009, we published articles on promoting CSR-oriented procurement, compliance, and BCM*. Also in July 2008, we started publishing special articles on global warming in this in-house magazine, as part of our campaign to encourage all employees of the Nikon Group to contribute to reducing global warming. Through these articles, we are urging employees to reduce their CO₂ emissions in their private lives as well as in their daily business operations.

Domestic Group companies are also independently giving CSR and compliance-related education to employees, thus encouraging them to meet their CSR commitments.

*BCM: Business Continuity Management

Promoting CSR outside Japan

Overseas Group companies are endeavoring to establish compliance systems as a basis for fulfilling their own CSR commitments. Each of these companies has established its own code of conduct in line with local laws and ordinances and has designated managers to be in charge of CSR. These managers conduct activities to raise employees' awareness of and promote their compliance with their own codes of conduct and the Nikon Corporate Social Responsibility (CSR) Charter. In North America, employees were given a handbook and online training on CSR, while in Europe each Group company created its own code of conduct based on the shared code of conduct that applied to all Group companies in the region. In Asia and Oceania, briefing sessions were held to help employees understand the Nikon CSR Charter and the codes of conduct of their companies, at which brochures and wallet cards on CSR were given out. Moreover, overseas Group companies are establishing optimal internal reporting systems that accord with the local situation.

■ **Holding study meetings on CSR and compliance in China**
In China, study meetings on Nikon's CSR, Code of Conduct, and anti-global warming measures were held in Wuxi on September 18, 2008 and in Shanghai on the next day. A total of 38 employees, mainly managers, from six Group companies participated in the meetings. According to the results of the post-meeting questionnaire, it is essential for Group companies in China to raise employees' awareness of the corporate philosophy and management visions as a preparatory step in encouraging them to become more committed to CSR. Also, there are great expectations for the companies to make social contributions mainly through their compliance, environmental, and philanthropic activities.

CSR Achievements for the Year Ended March 31, 2009, and Future Targets

The Nikon Group evaluates the results of its CSR activities every fiscal year, in order to ensure efficiency and effectiveness, and sets targets for the next year that reflect both the achievements made and problems identified with existing activities. Also, we conduct these activities in communication with our stakeholders.

Targets and Results for the Year Ended March 31, 2009 and Targets for the Next Fiscal Year

Priority issues	CSR item	Targets for the year ended March 31, 2009	
Nikon Group's CSR	Disseminating CSR and enhancing organizations to promote CSR	<ul style="list-style-type: none"> Establish CSR promotion organizations at overseas Group companies Consider CSR seminars for overseas Group companies Raise CSR awareness among employees of Group companies within Japan 	
Corporate governance	J-SOX compliance	<ul style="list-style-type: none"> Early completion of enhancement activities; embed changes within management processes Improve internal control structure, taking the long-term view 	
	Enhancing internal auditing	<ul style="list-style-type: none"> Enhance overseas internal auditing 	
Compliance	Disseminating & ensuring thorough compliance practices	<ul style="list-style-type: none"> Ensure thorough dissemination of the Nikon Code of Conduct in Japan and abroad Implement improvements based on awareness survey results (PDCA cycle) Enhance Code of Conduct Hotline to allow external input 	
Risk management	Establishing BCM & integrated disaster prevention	<ul style="list-style-type: none"> Establish permanent PDCA cycle Implement e-learning and applied table-top training 	
	Promoting information security	<ul style="list-style-type: none"> Review rules of Group companies in Japan Continue to conduct information management audits at Group companies Expand the targets of information security training to include employees of overseas Group companies Enhance measures to prevent information leaks at Nikon Corporation and Group companies in Japan and Asia 	
	Risk management for employees assigned overseas	<ul style="list-style-type: none"> Compile manual on how to set up an internal system 	
	Ensuring thorough export controls	<ul style="list-style-type: none"> Enhance export control system for each internal company Ensure thorough compliance with EAR (US Export Administration Regulations) 	
Main stakeholders	Customers	Strengthening quality control systems	<ul style="list-style-type: none"> Conduct quality control audits six times a year Compile and publish quality action plan Compile and publish integrated manual
		Strengthening manufacturing	<ul style="list-style-type: none"> Implement measures to reform all aspects of manufacturing so as to establish a Strong Nikon
	Shareholders & investors	CSR promotion	<ul style="list-style-type: none"> Improve both the amount and the quality of the content of Nikon's website Conduct IR activities suited to investor characteristics
	Employees	Fostering of human resources & employee education	<ul style="list-style-type: none"> Implement basic training for running an organization (linked to the operation of an MBO system) Start running new system for OJT support for new employees (enhance quality of instruction)
		Fostering a climate conducive to "Meeting needs. Exceeding expectations."	<ul style="list-style-type: none"> Implement a 360-degree diagnostics for managers Operate dual-track personnel system (promotions and transfers)
		Support for women in the workplace	<ul style="list-style-type: none"> Review multiple systems, revise current systems, and establish new systems Start training program for women designed to foster leadership
		Employment of the disabled	<ul style="list-style-type: none"> Establish and run another Tsubasa workshop in Sagamihara
		Immediate re-employment of retired employees	<ul style="list-style-type: none"> Expand re-employment of retirees
		Safety control	<ul style="list-style-type: none"> Improve safety (eliminate risk factors) through risk assessment Improve safety and health management levels at domestic Group companies
		Health management	<ul style="list-style-type: none"> Actively promote mental healthcare
		Safety and health overseas	<ul style="list-style-type: none"> Enhance measures for preventing health impairment through overwork Establish measures for dealing with health risks (infectious diseases, etc.) faced by staff posted overseas
	Support for a work-life balance	<ul style="list-style-type: none"> Establish a dynamic work style 	
	Business partners	Promotion of CSR procurement	<ul style="list-style-type: none"> Conduct CSR procurement seminars for domestic and overseas Group companies Conduct seminars for procurement partners in Japan and overseas Conduct training for staff in charge of procurement at domestic and overseas Group companies Conduct questionnaire for procurement partners in Japan and overseas
	Local communities	Social contribution with a distinctively Nikon approach	<ul style="list-style-type: none"> Build a system to manage the scholarship program in Thailand for university students and those wanting to study abroad Make improvements to website (open to the public)
Participative social contribution		<ul style="list-style-type: none"> Implement Mt. Fuji reforestation project 	
Harmonious coexistence with local communities		<ul style="list-style-type: none"> Start awareness program for domestic Group companies 	
Environment	Prevention of global warming	<ul style="list-style-type: none"> Foster activities in line with the Kyoto Protocol* 	
	Environmental protection	<ul style="list-style-type: none"> Comply with environmental laws and regulations and implement environmental protection measures 	

*All Nikon Group sites in Japan and major manufacturing subsidiaries in Asia will strive to meet their greenhouse gas emission targets set in line with the Kyoto Protocol, while overseas marketing companies and other sites will endeavor to meet the reduction targets that they have voluntarily set for energy conservation and other purposes. The Nikon Group will raise the CSR awareness of employees and their families, thereby contributing to preventing global warming.

Achievements for the year ended March 31, 2009	Self-evaluation	Targets for the year ending March 31, 2010	More info
<ul style="list-style-type: none"> Appointed CSR managers at all overseas Group companies to educate local employees on the CSR Charter and Code of Conduct Held a study meeting in China with the participation of six Group companies Conducted an employee awareness survey and fed back the results Opened the Vision and CSR Website and disseminated information through blogs 	<ul style="list-style-type: none"> ○ △ ○ ○ 	<ul style="list-style-type: none"> Improve CSR promotion activities at overseas Group companies Hold CSR seminars and provide teaching materials at the portal site for overseas Group companies, and continue to hold CSR seminars for the companies, in particular for those in Asia Feed back the results of the awareness survey and hold seminars in Japan 	P19
<ul style="list-style-type: none"> Evaluated progress with regard to internal control and conducted improvement activities Evaluated the operation of the internal control system 	<ul style="list-style-type: none"> ○ ○ 	<ul style="list-style-type: none"> Implement measures to establish a sustainable internal control structure 	P24
<ul style="list-style-type: none"> Established an internal audit section at Nikon Holdings Europe B.V. 	<ul style="list-style-type: none"> ○ 	<ul style="list-style-type: none"> Further enhance internal auditing outside Japan 	
<ul style="list-style-type: none"> Prepared teaching materials for Group companies and actually provided employees at the companies with compliance education Fed back the results to each workplace and company, which conducted improvement activities in response Studied and decided how to establish a means of external input, which will actually be established in or after the next term 	<ul style="list-style-type: none"> ○ ○ △ 	<ul style="list-style-type: none"> Raise employees' compliance awareness even more across the entire Nikon Group Promote PDCA incorporating the results of the awareness survey Increase employee awareness of the Code of Conduct Hotline 	P25
<ul style="list-style-type: none"> Provided education on BCM and ensured the maintenance of documents required for BCM through employees in charge of BCM at each workplace Provided employees of domestic Group companies with basic education on BCM through e-learning Conducted a desktop exercise for BCM with the participation of the relevant headquarters and branches of the Precision Equipment Company and the Imaging Company Conducted an emergency drill in preparation for a major earthquake in the Tokyo metropolitan area (with the participation of directors and employees of multiple sites) 	<ul style="list-style-type: none"> ○ ○ ○ ○ 	<ul style="list-style-type: none"> Maintain and update the BCM system through PDCA, in preparation for a major earthquake Implement preventive measures and formulate a BCP against pandemic influenza 	P27
<ul style="list-style-type: none"> Revised the Nikon Corporation information management rules and made them applicable to the entire group Conducted information management audits at each Nikon Group companies in Japan Distributed copies of the <i>Nikon Group Information Security Handbook</i> (in English) to overseas Group companies Enhanced measures to prevent information leaks at some Group companies 	<ul style="list-style-type: none"> ○ ○ ○ △ 	<ul style="list-style-type: none"> Review the rules of overseas Nikon Group companies Continue to conduct information management audits at Nikon Group companies Expand the targets of information security training to include employees of overseas Group companies Enhance measures to prevent information leaks at Nikon Group companies 	P27-28
<ul style="list-style-type: none"> Established and implemented the Nikon Group Risk Management Rules for Employees Assigned Overseas Prepared a manual for overseas emergency measures and revised the safety and health management manual for employees assigned abroad Gave explanations to risk managers at all Nikon Corporation's in-house companies and Group companies within Japan and overseas Built and started operating a new management system for business travels Opened a website on overseas security 	<ul style="list-style-type: none"> ○ ○ ○ ○ ○ 	<ul style="list-style-type: none"> Enhance risk management at overseas Group companies Establish an emergency contact system Revise the management system for overseas business travel Improve risk management education 	P27
<ul style="list-style-type: none"> Established a section exclusively for export control within all in-house companies Checked the exportability and eligibility for license exceptions using check sheets at the time of shipment 	<ul style="list-style-type: none"> ○ ○ 	<ul style="list-style-type: none"> Strengthen export controls at overseas Group companies 	P28
<ul style="list-style-type: none"> Conducted audits six times a year as planned Created a draft basic policy on quality as a basis to formulating the action plan Prepared a draft manual and gave explanations to all in-house companies where necessary 	<ul style="list-style-type: none"> ○ △ △ 	<ul style="list-style-type: none"> Conduct quality control audits eight times a year Formulate a basic quality control policy for the entire Group based on the integrated manual Publish a temporary integrated manual and start using it on trial basis in major departments 	P42
<ul style="list-style-type: none"> Conducted activities to reduce the time required for development, to save on costs, and to improve productivity 	<ul style="list-style-type: none"> △ 	<ul style="list-style-type: none"> Implement measures to reform all aspects of manufacturing so as to establish a Strong Nikon 	P43
<ul style="list-style-type: none"> Reviewed and revised the menu classifications to make the website easier to use for visitors Disseminated information and communicated with investors in the most suitable way for each type of investor 	<ul style="list-style-type: none"> ○ ○ 	<ul style="list-style-type: none"> Improve both the amount and quality of the content of Nikon's website Examine and implement IR activities that reflect the diversification in types of investor 	P46
<ul style="list-style-type: none"> Provided targeted employees with training under the MBO system Gave guidance to managers/instructors and new employees under the OJT support system for new employees 	<ul style="list-style-type: none"> ○ ○ 	<ul style="list-style-type: none"> Build a training system linked with the personnel system (Make the educational themes more consistent with ability indicators) Continue to operate and improve the OJT support system for new employees 	P47
<ul style="list-style-type: none"> Carried out a 360-degree diagnostics targeting all managers Gave support to promotions and transfers under the dual-track personnel system and to job selection through training 	<ul style="list-style-type: none"> ○ ○ 	<ul style="list-style-type: none"> Feed back the results of the 360-degree diagnostics to managers and encourage them to improve their behavior Steadily implement the dual-track personnel system 	P47-48
<ul style="list-style-type: none"> Improved the childcare and nursing care support system at Nikon Corporation As a result of a study, decided not to provide collective training 	<ul style="list-style-type: none"> ○ △ 	<ul style="list-style-type: none"> Start expanding the relevant systems to domestic Group companies Further raise awareness among managers 	P48-49 P52
<ul style="list-style-type: none"> Established and started to operate another Tsubasa workshop in Sagami-hara Increased the reemployment rate of retirees 	<ul style="list-style-type: none"> ○ ○ 	<ul style="list-style-type: none"> Expand the business scope of Tsubasa workshop in Sagami-hara Steadily implement the reemployment system for retirees 	P50
<ul style="list-style-type: none"> Carried out risk assessments at each of the sites Provided employees in charge of health and safety at Group companies within Japan with education to improve their practical abilities and built a network of these employees 	<ul style="list-style-type: none"> ○ ○ 	<ul style="list-style-type: none"> Further improve safety (and eliminate risk factors) through risk assessment Raise the safety and health management levels of Group companies within Japan 	
<ul style="list-style-type: none"> Provided managers in charge with training and gave new employees an opportunity to experience a counseling service Provided employees aged 35 with mental health education 	<ul style="list-style-type: none"> ○ ○ 	<ul style="list-style-type: none"> Promote mental healthcare measures Check employees for mental health issues at their regular health examinations and implement follow-up measures 	P51
<ul style="list-style-type: none"> Regulated overtime work by means such as establishing a "no overtime work day" Provided employees to be assigned overseas with education on how to prevent infectious diseases Established a health management system for employees assigned overseas 	<ul style="list-style-type: none"> ○ ○ ○ 	<ul style="list-style-type: none"> Improve measures to prevent damage to health caused by overwork Strengthen the health management system (including measures against infectious diseases) for employees assigned overseas 	P52
<ul style="list-style-type: none"> Conducted a campaign to reduce working hours and implemented a pilot project on working at home 	<ul style="list-style-type: none"> ○ 	<ul style="list-style-type: none"> Monitor and control working hours Raise employees' awareness of their work-life balance 	
<ul style="list-style-type: none"> Conducted seminars at two manufacturing subsidiaries in China (Had already conducted these seminars at all Group companies within Japan) Conducted seminars targeting 1,407 procurement partners of Group companies within Japan Held e-learning sessions for employees of Group companies within Japan in May 2008 and a total of 683 employees (93% of all) participated in them Conducted a survey targeting domestic procurement partners; received replies from 680, and fed back the results to the partners 	<ul style="list-style-type: none"> △ ○ ○ ○ 	<ul style="list-style-type: none"> Conduct seminars at overseas Group companies (mainly in Asia) where no seminars have been held Plan seminars (on compliance with local laws and regulations) for procurement partners of overseas Group companies Hold e-learning sessions for staff in charge of procurement at Group companies Examine whether to conduct a survey of overseas procurement partners 	P53-54
<ul style="list-style-type: none"> Built a management system by giving guidance on the procedures for making announcements, request and process applications, and choosing scholarship recipients to the NGO in charge Introduced the written opinions of participants in the Thai scholarship program and the Mt. Fuji Reforestation Project on the website 	<ul style="list-style-type: none"> ○ ○ 	<ul style="list-style-type: none"> Manage the Thai scholarship program Examine and implement a new project to conserve biodiversity 	P55
<ul style="list-style-type: none"> Employees of domestic Nikon Group companies and their families (120 people in total) planted 1,000 seedlings 	<ul style="list-style-type: none"> ○ 	<ul style="list-style-type: none"> Participate in the Mt. Fuji Reforestation Project 	P15
<ul style="list-style-type: none"> Identified the progress made by each domestic and overseas Group company and held lectures at some of these companies to promote the activities 	<ul style="list-style-type: none"> ○ 	<ul style="list-style-type: none"> Conduct activities to raise awareness in both domestic and overseas Group companies 	P57-58
<ul style="list-style-type: none"> Met CO₂ reduction targets by implementing measures under the global warming prevention project 	<ul style="list-style-type: none"> ○ 	<ul style="list-style-type: none"> Reduce CO₂ emissions 	P7-14
<ul style="list-style-type: none"> Established a committee on REACH to promote measures against hazardous chemical substances Conducted countermeasures against soil and underwater contamination at the Ohi Plant of Nikon Corporation and at Mito Nikon Precision 	<ul style="list-style-type: none"> ○ ○ 	<ul style="list-style-type: none"> Comply with environmental laws and regulations and implement environmental protection measures 	P33-34 P41

Corporate Governance

To enhance the relationship of trust it enjoys with its stakeholders amid continued globalization of the business environment, the Nikon Group aims to increase management efficiency and transparency by bolstering corporate governance and improving its internal control system.

Corporate Governance Organization

■ Board of Directors

Ten members of the Board of Directors, including two from outside the company (as of March 31, 2009), make prompt decisions on matters of importance to the Nikon Group and monitor the exercise of duties by directors.

■ Executive Committee

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

■ Board of Corporate Auditors

Five corporate auditors, including three from outside the company (as of March 31, 2009), periodically attend important meetings such as those of the Board of Directors and Executive Committee in order to supervise the execution of duties by the directors, and to perform monitoring and auditing of corporate management and directors.

■ Management System

In October 1999, Nikon introduced an in-house company system featuring decentralized management, with an integrated system and responsibilities established for each product sector, including subsidiaries. A results-based evaluation system was also brought in to strengthen the relationship between performance and remuneration. In 2001, Nikon installed an operating officer system and reduced the number of directors, while shortening the term for directors from two years to one in 2003 in order to consolidate a management system that can respond swiftly to changes in the business environment.

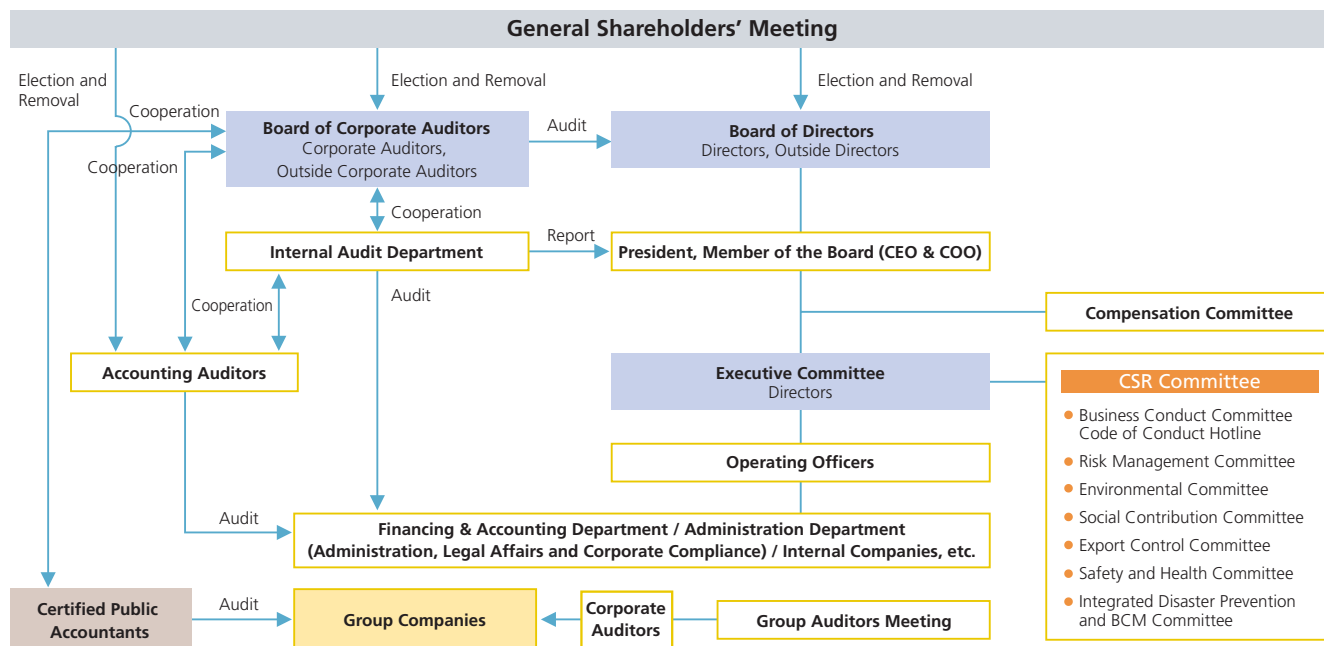
Additionally, in 2007 a review/revision of regulations pertaining to the preexisting operating officer system was conducted to further enhance internal controls.

At present, the chairperson of the Board of Directors also serves as chief executive officer to ensure prompt decision making and business enforcement.

■ Compensation Committee

The Compensation Committee, which includes prominent figures from outside the Nikon Group, was set up in July 2003 to raise the objectivity and transparency of matters related to directors' compensation and to ensure that decisions on remuneration are linked to the corporate financial results. The obligations of this committee include examining and proposing guidelines for directors' compensation and other related systems.

Nikon's Corporate Governance Organization



■ Systematization of Responsibility and Authority

Nikon Corporation has formulated its Rules of Organization and Authority with the aim of clearly defining the scope of authority and responsibility for each body and each post within the company. Additionally, each group company implements full control and guidance based on the Authorization Standards for Subsidiaries. This ensures organized and efficient business execution across the board.

► [For more on Nikon's corporate governance, see:](http://www.nikon.com/about/csr/governance/)

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

Measures to Enhance the Internal Control System

■ Strengthened system for deliberation, resolution, communication and reporting.

In 2005, the Nikon Group further overhauled the structure of the management committees engaged in the deliberation, resolution, communication, and reporting of business matters, and revised the rules related to the delegation of authority in divisions in order to further enhance the Group's internal controls.

■ Internal auditing

- Major achievement in the year ended March 31, 2009**
- Established an internal audit section in Nikon Holdings Europe B.V.
- Major target for the year ending March 31, 2010**
- Further enhance internal audits outside Japan.

The Internal Audit Department operates independently of other operations departments and is under the direct control of the president of Nikon Corporation. Based on annual auditing plans, it audits the operations of each department in the Nikon Group to see if they are being appropriately controlled in compliance with laws, company rules, and other regulations, and makes recommendations for improvement.

In the year ended March 31, 2009, in addition to conducting audits on the themes listed in its audit plan, the Internal Audit Department evaluated both the company-level and process-level internal controls of Nikon Corporation and Group companies under the J-SOX Law, as an independent evaluation department.

Moreover, in order to enhance internal controls in overseas Group companies, an internal audit section was established within Nikon Holdings Europe B.V. in September 2008. This section is to conduct internal audits on Group companies in the Europe region.

*J-SOX Law: Informal name given to the Japanese version of the U.S. Sarbanes-Oxley Act (SOX). The importance of internal controls had been highlighted following a series of fraudulent financial reports and other incidents of corporate misconduct in recent years. In order to secure reliability in financial reporting by companies, the Financial Instruments and Exchange Act was enacted in June 2006 in Japan, requiring the evaluation and audit of internal controls over financial reporting. Known as J-SOX, this legislation came into force in April 2008.

■ Information resources management

Based on the Information Security Improvement Plan, information management is being further strengthened, while access control and security pertaining to the Group's internal network was further tightened from April 2007.

Also, Guidelines for Confidentiality Classifications were instituted in February 2006 to specify and clarify different types of restricted data. These guidelines have been used as a basis for continued efforts to increase the effectiveness of Nikon's information management.

■ J-SOX compliance

Major achievements in the year ended March 31, 2009

- Evaluated progress with regard to internal controls and conducted improvement activities.
- Evaluated the operation of the internal control system.

Major target for the year ending March 31, 2010

- Implement measures to establish a sustainable internal control structure.

The so-called J-SOX Law came into force in April 2008. To ensure compliance with this law, the Nikon Group has been implementing measures to build an internal control system mainly through its J-SOX Establishment Project Team founded in January 2007.

In the year ended March 31, 2009, Nikon Corporation presented to consolidated Group companies the internal control improvement criteria to be met by Group companies by the end of the term, and subsequently checked the progress made by each of the companies.

Nikon Corporation and major domestic and overseas Group companies have been making efforts to build and improve process-level internal controls, including those for sales, procurement, production, accounting, and IT processes, since the foundation of the aforementioned project team. In the first year of the enforcement of the J-SOX Law, these companies evaluated their own progress with regard to the process-level internal controls as well as operation of the internal controls.

In the year ending March 31, 2010, we will make further progress in internal controls based on the results of internal control evaluations for the previous fiscal year. We will move forward to establish a sustainable internal control structure by implementing measures to stabilize the quality of internal controls over financial reporting and major business processes and to reduce the time and cost required for internal controls.

Compliance

As one of its important policies, the Nikon Group is committed to making all its employees aware of the importance of compliance, thereby ensuring that each individual employee is able to take the appropriate action.

Compliance Promotion System

In the Nikon Group, the Nikon Business Conduct Committee, which is chaired by the executive vice president of Nikon Corporation, formulates the Group policies on compliance. In accordance with the policies thus formulated, the Compliance Section of Nikon Corporation fosters compliance-related activities in cooperation with the Code of Conduct Coordinators stationed in the departments of the company and in the Group companies within Japan.

Nikon Code of Conduct

The Nikon Code of Conduct lays out the basic policies and gives guidance on matters closely related to daily business operations, including human rights, information management, entertainment and gifts, accounting practices, and workplace management (see page 18). Every employee is expected to base their decision making on these rules.

While Nikon Group companies within Japan all apply the same Nikon Code of Conduct, overseas Group companies have their own codes of conduct in place, which have been formulated based on the Nikon Code of Conduct.

All employees of Nikon Group companies within Japan are

Message from the director responsible for compliance

Implementing more measures to ensure compliance

For the Nikon Group, “compliance” does not simply mean complying with laws and corporate rules. It also involves carrying out sound and fair corporate activities in line with ethical rules and social norms, thereby winning the trust of stakeholders.

In the year ended March 31, 2009, we provided training and education at all of our workplaces mainly focusing on the Nikon Code of Conduct and also held seminars to prevent power harassment* (workplace bullying), targeting managers of Nikon Group companies within Japan.

In order to meet our corporate philosophy of “Trustworthiness & Creativity,” we will further implement measures to make all employees of the Nikon Group aware of the importance of compliance.

Ichiro Terato
Chairman of the Nikon Business Conduct Committee
Representative Director
Executive Vice President and CFO



*Power harassment (workplace bullying)

In Japan, “power harassment” is defined as abuse of power/authority in the workplace, including training and education. Power harassment can lead to victims feeling anxious about their job security and, in serious cases, can infringe upon their human rights.

provided with a wallet card that lists the Nikon Rules of Action, together with a brochure outlining the Nikon Code of Conduct. The card is intended to be used by employees as a self-check list when they are in doubt about the application of the Code of Conduct.

In addition, to ensure a full understanding of the Nikon Code of Conduct, employees can view Nikon Code of Conduct Case Studies on the company intranet as a collection of practical examples that explain clearly how to apply the rules in their daily business operations.



Upper left: Nikon Code of Conduct (applied alike by all Nikon Group companies within Japan)

Upper right: Nikon Code of Conduct Case Studies

Lower right: Wallet card that lists the Nikon Rules of Action

Compliance Promotion Measures

Major achievements in the year ended March 31, 2009

- Conducted educational and awareness raising activities for the Nikon Code of Conduct.
- Conducted an awareness survey and fed back the results for further improvements.
- Held seminars targeting managers to prevent power harassment (workplace bullying)

Major targets for the year ending March 31, 2010

- Raise employees' compliance awareness even more across the entire Nikon Group.
- Promote PDCA incorporating the results of the awareness survey.
- Increase employee awareness of the Code of Conduct Hotline.

At each workplace, educational activities that promote compliance are conducted mainly through the Code of Conduct Coordinators stationed in the departments of Nikon Corporation and Group companies within Japan. Illustrative slides, quizzes, case studies, news magazines, and other tools prepared by the Compliance Section are used in educational seminars held from time to time in the workplace; these include collective education and discussions.

For the period from August to September 2008, we invited external speakers to give seminars on preventing power harassment (workplace bullying). A total of 508 (or 83%) of all managers and Code of Conduct Coordinators from Japan

invited to participate in the seminars actually participated in them. Participants comments on the seminars include: "The definition of power harassment has become clearer to me," and "The message that anyone could do power harassment has made me reflect upon my daily behavior."



Seminar held to prevent power harassment (workplace bullying)

Educational activities in the year ended March 31, 2009

Audience	Activity	Number of participants
New Nikon employees	Basic compliance education	336
Code of Conduct Coordinators	Education/training sessions for coordinators	106
Employees in each company or department	Education/training sessions by coordinators	—
Newly appointed directors in domestic group companies	Legal compliance training	10
Managers of Nikon Group companies within Japan Code of Conduct Coordinators	Seminars to prevent power harassment (workplace bullying)	508
Managers of Group companies in China	Study meeting for CSR and compliance	38

Measures against Violations

Based on the relevant in-house rules and after investigating and confirming the facts, the Nikon Group strictly punishes violations of the working regulations of each Nikon Group company and the Nikon Code of Conduct. In the year ended March 31, 2009, Nikon Corporation took disciplinary action against two cases of violation. In order to prevent the recurrence of similar problems, the company discloses internally the cases and the basic details of the disciplinary action.

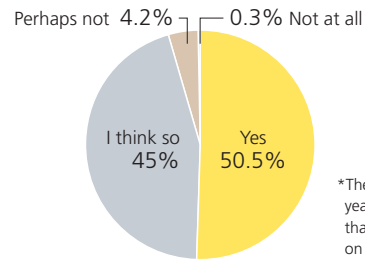
Compliance Awareness Survey (Monitoring)

The Nikon Group has designated October as its compliance promotion month and encourages every employee to increase their awareness of compliance during this month. In the year ended March 31, 2008, we began conducting a compliance awareness survey targeting all employees of Nikon Group companies within Japan. In the second survey conducted in the year ended

March 31, 2009, we received replies from 10,862 employees (76% of the targeted employees). Individual survey results are fed back to the relevant departments to alert them to areas that need improvement as well as to further promote compliance and PDCA.

Compliance awareness survey results

Q. Do you always try to make decisions that are appropriate from the viewpoint of compliance?

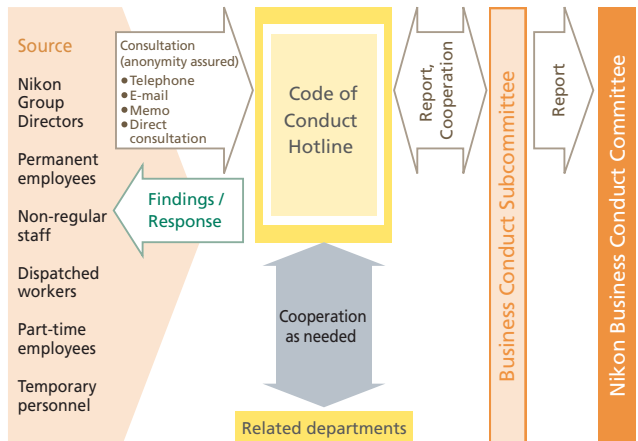


*The result is encouraging as with last year: most respondents (95%) replied that they try to make decisions based on compliance.

Code of Conduct Hotline (Internal Consulting Service)

In 2001, the Nikon Group established its Code of Conduct Hotline to provide employees of Group companies within Japan with a central consulting service for violations of the Nikon Code of Conduct, including legal noncompliance and violations of human rights. We ensure that the privacy of employees who use this hotline is strictly protected and that they will receive no prejudicial treatment, including dismissal and demotion if they use the hotline. In the year ended March 31, 2009, a total of 29 problems were reported via the hotline, and these are now being solved with cooperation from the relevant departments.

Code of Conduct Hotline flow diagram



Risk Management

The Nikon Group established its Risk Management Committee and Integrated Disaster Prevention and BCM Committee to comprehensively manage potential risks to the Group with the aim of achieving sustainable growth. We are also committed to responding to new risks, such as pandemic influenza, in a prompt manner.

Risk Management System

The Nikon Group established its Risk Management Committee in April 2006. This committee identifies and assesses risks within the Group and formulates measures against risks that could impact the Group's operations. It also provides education and training to minimize damage in the event of a risk materializing, regularly monitors risks, and implements a PDCA cycle for risk management. At present, the committee is also conducting activities for information security, management of risks for employees assigned overseas, and, a new theme—pandemic influenza—as well.

In July 2007, as a step in establishing a BCM system, we also founded an Integrated Disaster Prevention and BCM Committee to deal with risks that could have a major impact on the entire Group. This committee has been engaged in formulating BCPs* to prepare for major earthquakes and fires. In the year ended March 31, 2009, the committee also began preparations to formulate a BCP against pandemic influenza.

*BCP: Business Continuity Plan

Maintaining and Improving the BCM System

Major achievement in the year ended March 31, 2009

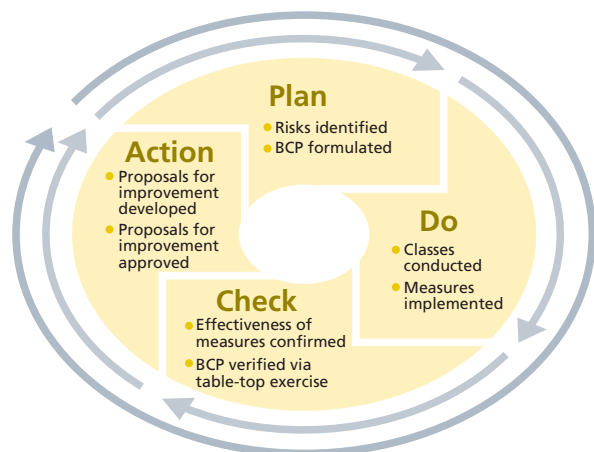
- Maintained and improved the effectiveness of the BCM system through implementation of a PDCA cycle.

Major target for the year ending March 31, 2010

- Implement preventive measures and formulate a BCP against pandemic influenza.

The Nikon Group regards it as part of its social responsibility to ensure business continuity and has therefore created a BCM system to prepare for major earthquakes and fires covering core operational areas of the Precision Equipment business and the Imaging business as well as the Head Office

PDCA cycle for BCM



functions that support their operations—not only for Japan but also for overseas manufacturing bases in Thailand and China. In addition, we are conducting activities to raise the effectiveness of our BCPs through a PDCA cycle.

Also, for pandemic influenza, we are making preparations to formulate a BCP to combat the spread of the disease and to prevent a pandemic.

Risk Management for Employees Assigned Overseas

As the Nikon Group expands its business on a global scale, the number of employees who are assigned to various regions in the world, including those on business trips, has been increasing year by year. In response, we have established an overseas risk management system for regionally specific risks, including accidents, incidents, disasters and illnesses. Under this system, we are implementing measures to reduce the risks, including creating emergency manuals, providing education to relevant employees, and ensuring that the safety of employees can be easily confirmed in emergencies.

Creating the Nikon Group Insider Trading Rules

We reviewed our conventional Insider Trading Guidelines and established new Nikon Group Insider Trading Rules in March 2009. Based on the rules, we have built a system to promptly and centrally identify all important information about the Nikon Group, thereby ensuring appropriate information management and compliance. We have thus further enhanced our anti-insider trading system to comply with laws and to maintain social trust.

Information Resources Risk Management

Major achievements in the year ended March 31, 2009

- Revised Nikon Corporation information management rules and made them applicable to the entire group.
- Conducted information management audits at each Nikon Group companies in Japan.
- Provided employees of Nikon Group companies in Japan with information security training.

Major targets for the year ending March 31, 2010

- Expand the target of information security training to include employees of overseas Group companies.
- Enhance measures to prevent information leaks at Nikon Group companies.

In light of the need to have rules that regulate information management across the whole of the Nikon Group, we revised the Nikon Information Management Rules and transformed it to the Nikon Group Information Management Rules in April 2008, modifying the rules and their subordinate rules so that they apply directly to all Nikon Group companies. Furthermore in February 2009, we revised the Nikon

Information Security Regulations and transformed it to the Nikon Group Information Security Regulations, and positioned it as subordinate rules under the Nikon Group Information Management Rules with an eye to enhancing our information security measures.

In September 2008, we conducted information management audits on documentation and onsite, mainly on the management of classified information and personal information targeting Nikon Group companies. In February 2009, which was the second "Information Security Month" for the Nikon Group, we distributed copies of the revised *Nikon Group Information Security Handbook* to employees of Nikon Group companies in Japan and provided them with e-learning sessions on information security. In addition, we created an English version of the handbook and distributed copies to overseas Group companies.

The Information Security Subcommittee have been active in enhancing information security measures, including those for management of computer logs (trail management) and the archiving of emails, according to the Information Security Improvement Plan.

Protection of Personal Information

■ Nikon Group Privacy Protection Policy

In order to establish a high standard for its Nikon Group's personal information management system while complying with laws and regulations concerning the protection of personal information, the Nikon Group has formulated the Nikon Group Privacy Protection Policy and published it in the name of the President of Nikon Corporation, who is also the personal information officer, the representative director, CEO, and COO of the company. On their websites, Nikon Group companies state that they treat personal information appropriately based on this privacy protection policy and give details of how personal information is treated.

▶ [For more on Nikon and privacy protection, see:](http://www.nikon.com/privacy/)

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

■ Appropriate management of personal information

The Nikon Group expresses how it handles personal information in the Nikon Group Information Management Rules and the Nikon Group Information Security Regulations, which were both revised in the year ended March 31, 2009 to cover all Nikon Group companies. Specifically, these rules and regulations, in reference to the Guidelines Targeting Economic and Industrial Sectors Pertaining to the Act on the Protection of Personal Information formulated by Ministry of Economy, Trade and Industry, state (a) the need to clearly state the intended use of personal information at the time the information is acquired, and (b) the procedures to be followed to ensure the security control of personal information used and stored by the Nikon Group.

We are ensuring that all employees of Nikon Group companies in Japan are well aware of the details of this privacy policy by distributing copies of the *Nikon Group Information Security Handbook* to them. In addition, the Information System Planning Department and the Administration Department, which together comprise the Group's Office of Information Security Management, carry out information management audits periodically and receive inquiries on specific applications of the privacy policy at any time.

Nikon Imaging Japan Inc., which carries the largest amount of personal information within the Nikon Group, has acquired a PrivacyMark certification, which is granted to organizations that are recognized as handling personal information appropriately, in January 2007. Subsequently in December 2008, the company also received a PrivacyMark certification based on the new JIS standards, indicating its management of personal information is best practice.

Enhancing Export Controls

Nikon Corporation has a section exclusively engaged in export controls at each of its in-house companies. In line with increasing globalization, however, it has become essential for us to implement export control measures for the entire Nikon Group. At present, each domestic Nikon Group company engaged in export operations has their own export control rules and manages export operations based on the internal rules. Some overseas Nikon Group companies, however, have not yet established the necessary management systems. In the year ended March 31, 2009, six companies belonging to the Precision Equipment Company and two belonging to the Imaging Company formulated and established their own export control rules. In the year ending March 31, 2010, we will encourage more overseas Nikon Group companies to establish their own rules.

Nikon Corporation is approved as an authorized exporter by Tokyo Customs, but in a post-export audit conducted in 2008 by the AEO Center of Tokyo Customs, the Center pointed out that some of the security measures implemented by the company need to be improved. In response, we will enhance our security measures, including the enhancement of entry/exit controls at our buildings through the use of IC cards and the installation of more security cameras.

Measures against Pandemic Influenza

In preparation for an outbreak of pandemic influenza, which is regarded as a new risk, we have established a subcommittee to plan measures to deal with the infectious disease within the Risk Management Committee. In response to the actual outbreak of pandemic influenza in April 2009, we established an emergency headquarters headed by the president of Nikon Corporation to prevent the spread of infection among employees.

Environmental Management

In committing the entire group to the Nikon Basic Environmental Management Policy and engaging in effective environmental preservation through its environmental management systems (EMS), the Nikon Group aims to become an environmentally harmonious enterprise that contributes to the development of a recycling-oriented society in all its business activities.

The Nikon Basic Environmental Management Policy

■ Purpose of the policy

Nikon created the Nikon Basic Environmental Management Policy in 1992, a basic policy on environmental management activities that aims to prevent environmental pollution by using resources efficiently and helping to preserve the global environment so that it would be able to pass on a sustainable

and healthy environment to future generations. In the year ended March 31, 2002, we carried out major revisions to our policy to further our aim of creating a recycling-oriented society. An outline of our action guidelines is presented below.

Action Guidelines

- 1 We will make every effort to promote CO₂ emission reduction, reuse and recycling, while encouraging energy and resource conservation, waste reduction and conscientious waste processing, with the goal of creating an environment-conscious recycling society.
- 2 We will perform environmental and safety reviews at every stage of planning, development and design, in order to provide products that fully comply with environmental protection aims.
- 3 At every stage of production, distribution, use and disposal, we will actively introduce materials and equipment that are effective in protecting the environment, strive to develop and improve technologies in this area, and work to minimize environmental burdens.
- 4 We will meet targets for reduction of environmental burdens and use of harmful substances, and continue to improve our environmental management system through environmental audits and other means.
- 5 We will develop and follow a rigorous code of standards, in addition to observing all environmental conservation treaties, national and regional laws and regulations.
- 6 We will conduct ongoing education programs to further employee knowledge of environmental issues and promote employee involvement in environmental activities.
- 7 We will provide suppliers with guidance and information to promote optimal environmental protection activities.
- 8 We will participate actively in the environmental protection programs of society at large, and implement information disclosure.

Environmental Burden of Business Activities

Nikon Group's principal environmental loading (for year ended March 31, 2009)

INPUT		Nikon Plants	Manufacturing Subsidiaries	Units
Energy	Electricity	174,375	102,367	MWh
	Gas	6,194	2,965	(thousand) m ³
	Heavy oil	322	1,029	kl
	Kerosene	0	40	kl
	Water	1,331	820	(thousand) m ³
PRTR substances	Xylene	0	2.431	t
	Hexavalent-chromium	0	0.506	t
	Dichloropentafluoropropane	0	3.546	t
	Toluene	0	5.618	t
	Nickel compounds	0	0.617	t
	Barium and its water-soluble compounds	0	43.079	t
	Hydrogen fluoride and its water-soluble salts	0	30.727	t
	Boron and its compounds	1.356	17.526	t

OUTPUT		Nikon Plants	Manufacturing Subsidiaries	Units
CO ₂ emissions	Electricity	74,109	45,143	t-CO ₂
	Gas	13,393	13,665	t-CO ₂
	Heavy oil	363	2,787	t-CO ₂
	Kerosene	0	99	t-CO ₂
PRTR substances emissions	Xylene	0	0.972	t
	Hexavalent-chromium	0	0	t
	Dichloropentafluoropropane	0	3.329	t
	Toluene	0	3.860	t
	Nickel compounds	0	0	t
	Barium and its water-soluble compounds	0	0.030	t
	Hydrogen fluoride and its water-soluble salts	0	0.006	t
	Boron and its compounds	0.002	0.024	t
Disposal	Amount of waste generated	3,716	2,438	t
	Amount recycled	3,673	1,644	t
	Amount of landfill	11	685	t

Scope of Data

Nikon Plants: Ohi Plant, Yokohama Plant, Sagamihara Plant, Kumagaya Plant, and Mito Plant

Manufacturing Subsidiaries: Tochigi Nikon, Tochigi Nikon Precision, Mito Nikon Precision, Sendai Nikon, Sendai Nikon Precision, Zao Nikon, Kurobane Nikon, Hikari Glass (In this report, "major manufacturing subsidiaries in Japan" refer to these eight subsidiaries.)

Note: For electricity figures, Nikon Plants include Nikon Corporation head office. For the PRTR substance figures, Manufacturing Subsidiaries include TNI Industry Nagai Factory.

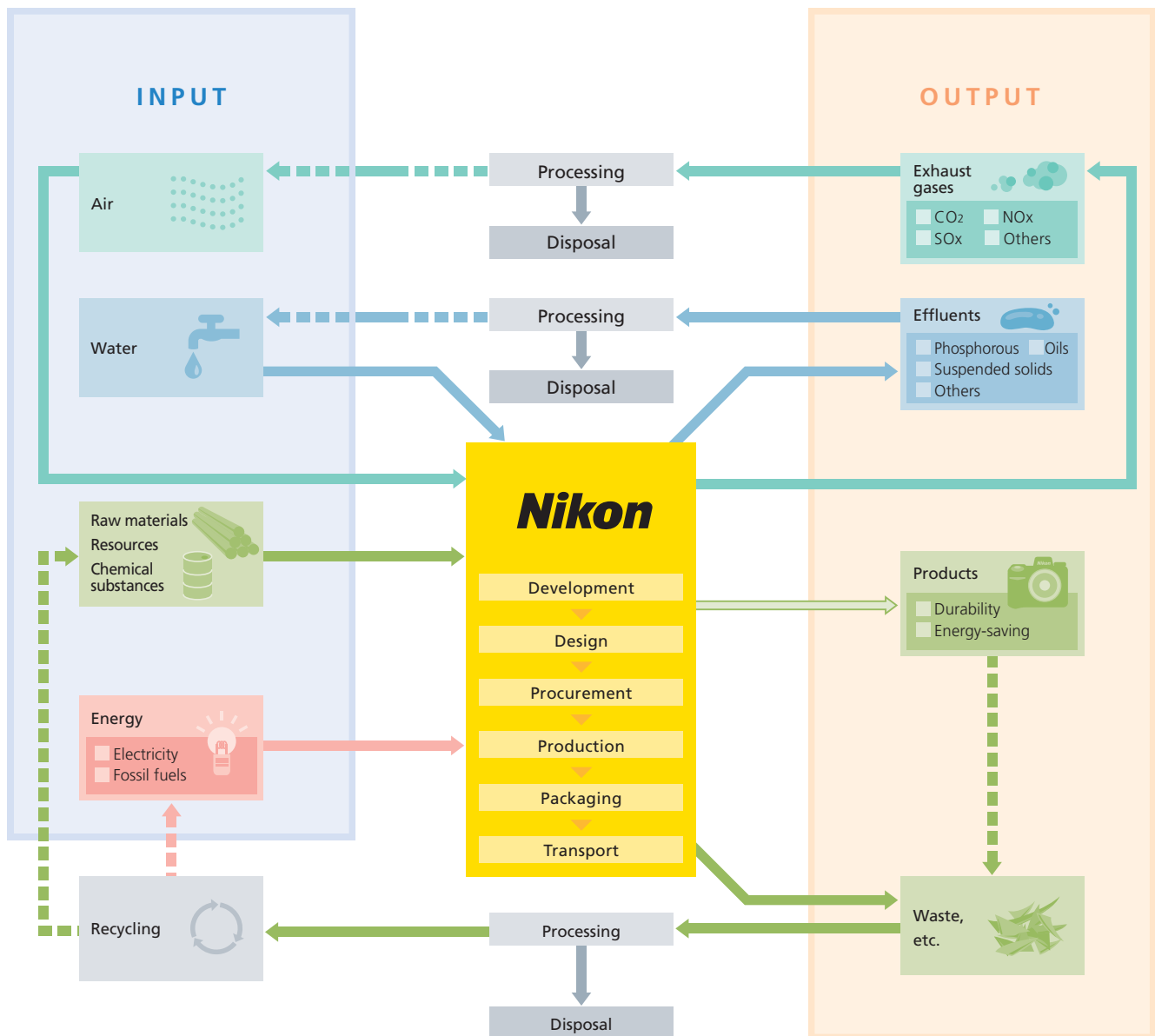
A corporation is like a living organism, functioning within the global environment. As it grows, it provides products and services to society and continues to grow, and during this time it consumes various resources and energy, and generates numerous types of waste.

As society moves towards a recycling-oriented society that promotes energy efficiency, the efficient use of resources and a near-zero level of waste, there is an imminent need for companies to accurately identify their environmental impact and develop a higher level of eco-management.

The Nikon Group has countless ongoing activities that ful-

fill this need, including reducing all types of waste and is also actively implementing proprietary initiatives, like the development of Eco-glass, which has a very low environmental impact. Nikon is currently putting particular focus on reducing CO₂ emissions and combating soil pollution. Nikon is known for "Trustworthiness and Creativity" and it uses the experience and technology gained from its long history in becoming an environmentally harmonious corporation.

Relationship with the Environment in Business Operations



Environmental Management

Environmental Management System

■ Environmental management organization
 Nikon Corporation first held the “First Pollution Response Committee” in 1970, then followed efforts with the “Pollution Prevention Committee” in 1971 and the “Environmental Improvement Committee” in 1973. In 1992, we renamed this committee the “Environmental Committee” and introduced more practical environmental preservation activities. In addition, we reorganized our environmental management system when we created the Nikon Basic Environmental Management Policy in 1992, and are currently introducing environmentally friendly activities group-wide led by the Environmental & Technical Administration Department.

Environmental Management Organization (as of April 1, 2009)



As these efforts show, Nikon has responded speedily to social needs as well as to formulated and introduced regulations, treaties and standards both within and outside of Japan, and has built internal structures to respond to such needs.

■ Utilization of ISO 14001 certification

- Main achievements for the year ended March 31, 2009**
- Nikon TEC and Hikari Glass (Changzhou) Optics obtained ISO 14001 integrated certification.
 - Nikon Engineering and Nanjing Nikon introduced the Nikon Environmental Management Simplified System.
- Major target for the year ending March 31, 2010**
- Promote the introduction of the Nikon Environmental Management Simplified System.

The Nikon Group’s environmental management activities follow ISO 14001. Currently, we are obtaining integrated certification with the goal of boosting efficiency of our business operation and spreading our environmental action plan through the entire Group, which is our medium-term goal for environmental activities (see page 59).

In the year ended March 31, 2009, Nikon TEC—a non-manufacturing subsidiary—and Hikari Glass (Changzhou) Optics—an overseas manufacturing base for optical glass—obtained integrated certification. In addition, the Nikon Environmental Management Simplified System, consisting of important elements from ISO 14001, which applies to companies that generate a low environmental burden, was implemented in Nanjing Nikon and Nikon Engineering.

In the year ending March 31, 2010, Nikon plans to gradually implement the Nikon Environmental Management Simplified System in Japan and overseas offices that generate low environmental impact.

Through these activities, Nikon uses the environmental management system group-wide, and has introduced environmental preservation activities such as reducing greenhouse gas emissions through reduced energy consumption, effectively using resources (promotion of the 3Rs) and reducing the use of hazardous chemical substances.

Environmental Education and Awareness Activities

In introducing, maintaining and further developing environmental preservation activities group-wide, Nikon Corporation asks all employees of the Nikon Group and its business partners to take part in relevant activities, and also offers environmental education and raising environmental awareness.

■ Support for obtaining ISO certification

The Nikon Group offers training for and support in obtaining ISO 14001 and ISO 9001 certification.

Nikon TEC organizes educational courses for internal auditors working at six plants nationwide with the goal of obtaining ISO 14001 certification. Twenty-five employees have participated in these courses so far.

■ **Promotion of Environmental Management and Measures**

Nikon Group companies employ training systems designed for each job level, group, plant and department in a bid to boost the level of all employees.

■ **Various Awareness Activities**

Nikon Corporation also conducts educational activities involving employees' families with the goal of providing information to employees, systematically implementing measures, raising awareness and interest, and comprehensively abiding by waste separation standards. One such activity is the hosting of seminars during Environment Month. Employees at all levels—not just those in charge of environmental preservation—were invited to attend these seminars in order to deepen their understanding of global warming, measures to counter global warming, and regulations on chemical substances.



Environment Month seminar

■ **Specialized Environmental Education**

To give each employee the knowledge and skills necessary to individually engage in environment-related tasks, Nikon Group companies in Japan attempt to raise the employees' level of expertise by encouraging employees to take specialized courses within and outside of the Group. At the Mito Plant, employees in charge of construction as well as EMS promoters in each department took part in an industrial waste risk management seminar hosted by intermediary treatment firms. Participants reconfirmed how the actual industrial waste released from the plant is finally disposed of and recycled and re-affirmed the importance of systematically separating industrial waste.



The intermediary processing factory employees visited

■ **Implementing a Campaign to Prevent Global Warming**

The Nikon Group implemented a campaign to prevent global warming throughout the year ended March 31, 2009. As part of the campaign, nine domestic and overseas group companies and all Nikon plants conducted a caravan seminar that offers easy explanations on the problem of global warming and Nikon's efforts including the Global Warming Prevention Project. In addition, Nikon created a pamphlet called "The Happa-chan Story" ("Happa" means "leaf" in Japanese) that offers simple explanations on how global warming is caused and how to combat global warming on a daily basis. Nikon distributed the pamphlet to employees and their families once a month over the intranet. Educational efforts to raise employee awareness were conducted within and outside of Japan. For example, Nikon Imaging (China) translated this pamphlet into Chinese and posted the contents on the company's bulletin board.



Employees reading pamphlets on preventing global warming on the bulletin board



Left: The pamphlet on preventing global warming

Right: A mascot for Nikon's environmental-awareness activities, Happa-chan

Voice

To Raise Employee Environmental Awareness

We created a mascot for Nikon's environmental-awareness activities, based on a leaf design, Happa-chan, in order to encourage employees to get involved in environmental activities. Just as a pile of small leaves can make a mountain, if all employees work together we can become a huge force for combating global warming. This is how we felt as we created the character. We will continue environmental awareness activities that employees can enjoy and take an interest in.

Masako Maeda
 Environmental Administration Section
 Environmental & Technical
 Administration Department
 Business Administration Center
 Nikon Corporation



Environmental Management

Environmental Action Plan

The Nikon Group evaluates its efforts against its annual Environmental Targets. Issues are then detected, and revisions are made to overcome those issues. In addition, every year the Environmental Committee devises a new three-year plan called the Nikon Environmental Action Plan (consisting of environmental goals) and Environmental Targets, which are both implemented group-wide.

The table below details the Nikon Environmental Action Plan 2008 (three-year plan), listing the Environmental Targets set for the year ended March 31, 2009 (first year of the plan). To the right of each target can be found the achievements for the year and Nikon's self-evaluation.

■ Year ended March 31, 2009 (results)

In the fiscal year ended March 31, 2009, Nikon promoted its Global Warming Prevention Project launched in October 2007, and implemented the measures necessary for the Group (see page 7).

Nikon also strengthened its measures to meet global regulations on chemical substances such as Europe's REACH.

Nikon Environmental Action Plan 2008

	Theme	Environmental targets for the year ended March 31, 2009	Results for the year ended March 31, 2009	Evaluation	See page
Product environment	Energy conservation (prevention of global warming)	[Energy efficiency] • 30% or more improvement in overall energy efficiency of new products, compared to existing products.	More than 42% (57%) improvement in simple average improvement of all new models, 30% or more improvement for 56% (67%) of models	○	P9-11
	Reduction in use of hazardous chemical substances, etc.	[Eco-glass usage] • Maintain 100% use of Eco-glass in new optical designs for consumer products and 98% or more for industrial products; 98% or more of material shipped by optical glass division.	Consumer products: 100% (100%) Industrial products: 97.4% (99.4%) Materials shipped: 99.2% (98.5%)	△	P9-12
		[Lead-free solder] • 100% for all new electronic circuit boards for small products (cameras, microscopes, surveying instruments, etc.), and 90% or more for large products (steppers, scanners, etc.), both targets to be met from year ended March 31, 2008.	Small products: 100% (100%) Large products: 96% (97%)	○	
	Control of chemical substances	[Hexavalent-chromium, lead, cadmium, mercury, PBB, PBDE, PVC] • Continue compliance with RoHS Directive. Maintain and improve management system. • Systematically manage the use of hexavalent-chromium in surface-treatment processes for consumer products. Abolish the use of hexavalent-chromium from newly-designed parts used for industrial products.	Achieved continued compliance, maintained and improved management systems. Established usage standards for the process and abolished its use in newly-designed parts for industrial products.	○	P9-11 P36
		[Ozone layer-depleting substances] • Completely eliminate the use of HCFC as a refrigerant in IC and LCD steppers/scanners shipped.	Abolished in April 2008.	○	
	Green procurement	[Control of chemical substances in products] Determined the policy and prepared a management system.	Progressed in preparations to meet REACH Regulation.	○	P36
Distribution	[Reduction in use of hazardous chemical substances] • Maintain and update green procurement for consumer products and expand green procurement for industrial products. [Application of Nikon Green Procurement Standards] • Maintain and update the application of Nikon Green Procurement Standards. • Investigate and audit environmental conservation systems.	Continued for consumer products; gauged use for major industrial products. Maintained Nikon Green Procurement Standards and created a system for updating to version 3.1. Established the audit method for environmental conservation systems and continued to investigate them.	○	P53-54	
	[Reduction in CO ₂ emissions from physical distribution in Japan] • Reduce CO ₂ emissions per net sales by 8% or more compared to year ended March 31, 2007.	7.1% reduction	△		P38
Workplace environment	Energy conservation (prevention of global warming)	[Reduction in greenhouse gas emissions (energy-based CO ₂)] • Nikon Corporation and its major manufacturing subsidiaries in Japan will reduce their CO ₂ emissions to a total of less than 131,000 tons. • Reduce CO ₂ emissions per net sales by 5% at two Asian manufacturing subsidiaries compared to the year ended March 31, 2006 to a total of less than 67,000 tons.*	Total CO ₂ emission volume : 127,000 tons Reduction of 6% per net sales compared to year ended March 31, 2006 Total CO ₂ emission volume: 66,000 tons	○	P39
	Waste reduction	[Zero-emission system] • Consider creating a system at two Asian manufacturing subsidiaries. [Reduction of mass-volume waste such as paper, sludge, effluent, metal and glass] • Reduction of 10% compared to year ended March 31, 2006 within Nikon Corporation and its manufacturing subsidiaries in Japan.	Established policies for zero-emission system. 11% reduction	○	
Others	Environmental Management System (EMS)	[ISO 14001 integrated certification] • Expand integrated certification.	Added three new districts to the integrated certification. Installed simplified EMS at two sites.	○	P31
	Life Cycle Assessment (LCA)	[Introduction of LCA] • Establish the LCA trial method.	Completed establishment of the LCA trial method.	○	P35

Notes: In the column headed "Results for the year ended March 31, 2009," the data in parentheses are results through the year ended March 31, 2008. The symbol "○" indicates adequate progress; "△" means that some progress was made; and "×" represents a significant gap between the target and actual performance. (Nikon's self-evaluation)

*In the CSR Report 2008, "80,000 tons of CO₂" appears, but this has since been changed due to a change made to estimated net sales.

■ Year ending March 31, 2010 (targets)

In the year ending March 31, 2010, the Nikon Group will introduce more activities related to the Global Warming Prevention Project and work to reduce greenhouse gas emissions group-wide.

In product development, Nikon will promote further energy saving through power-consumption efficiency, and respond

steadily to global regulations on chemical substances by enhancing a system for managing chemical substances. In addition, the Nikon Group will make efforts in other business activities such as expanding green procurement and obtaining additional ISO 14001 integrated certification in an effort to reduce environmental burden.

Nikon Environmental Action Plan 2009

	Theme	Mid-term environmental targets	Targets for the year ending March 31, 2010
Product environment	Energy conservation (prevention of global warming)	[Energy efficiency] • In new products released in the year ending March 31, 2012, boost energy efficiency during use by more than 20% compared with existing products.	30% or more improvement
	Reduction in use of hazardous chemical substances, etc.	[Eco-glass usage] • Maintain 100% use of Eco-glass in new optical designs for consumer products and 98% or more for industrial products; 98% or more (by mass) of material shipped by optical glass division.	Consumer products: 100% Industrial products: 98% or more Materials shipped: 98% or more
		[Hexavalent-chromium, lead, cadmium, mercury, PBB, PBDE, PVC] • Continue compliance with RoHS Directive. Maintain and improve management system.	Continue compliance and maintain and improve the management system.
		[Hexavalent-chromium for surface-treatment] • Systematically manage the process in consumer products. • Abolish the substance for new designs in industrial products.	Systematically manage the process in consumer products. Abolish the substance for new designs in industrial products.
	Control of chemical substances	[Control of chemical substances in products] • Maintain and improve management system.	Enhance management system.
	Green procurement	[Reduction in use of hazardous chemical substances] • Maintain and update green procurement for consumer products. Expand use for industrial products.	Maintain and update green procurement for consumer products. Expand use for industrial products.
[Application of Nikon Green Procurement Standards (procured goods)] • Maintain and update application of Nikon Green Procurement Standards. • Continue to investigate and audit environmental conservation systems.		Maintain and update application of Nikon Green Procurement Standards. Continue to investigate and audit environmental conservation systems.	
Distribution	[Reduction in CO ₂ emissions from physical distribution in Japan] Reduce CO ₂ emissions per net sales by 20% or more compared to year ended March 31, 2007.	Reduction of 15% or more	
Workplace	Energy conservation (prevention of global warming)	[Reduction in greenhouse gas emissions (energy-based CO ₂)] • Reduce total CO ₂ emissions by Nikon Corporation and major manufacturing subsidiaries in Japan to less than 126,000 tons. • Reduce CO ₂ emissions by 20% per net sales (compared to year ended March 31, 2006) at two Asian manufacturing subsidiaries (total CO ₂ emissions: 98,000 tons).	Total CO ₂ emissions of 123,000 tons or less Reduce CO ₂ emissions by 10% per net sales (total CO ₂ emissions: 66,000 tons).
	Waste reduction	[Zero-emission system] • Maintain the system at Nikon Corporation and major manufacturing subsidiaries in Japan, establish the system at two Asian manufacturing subsidiaries. [Waste Reduction] • Reduce waste at Nikon Corporation and manufacturing subsidiaries in Japan by 25% compared to the year ended March 31, 2006.	Prepare to establish systems at two Asian manufacturing subsidiaries. Reduction of 20%
Others	Environmental Management System (EMS)	[ISO 14001 integrated certification] • Expand/maintain integrated certification.	Expand number of integrated certification business establishments.
	Life Cycle Assessment (LCA)	[Gauge environmental burden using LCA] • Use as indicators for reducing environmental burden in various workplace-related activities.	Test the collection of data from workplace-related activities.

Note: Mid-term environmental targets are for the year ending March 31, 2012, unless specified otherwise.

Product-related Activities

To promote environmental friendliness throughout a product's life cycle, Nikon has introduced Nikon Product Assessment for the development and design of all products and is making efforts to reuse and recycle used products and reduce the environmental burden in packaging and physical distribution.

Eco-friendly Product Development

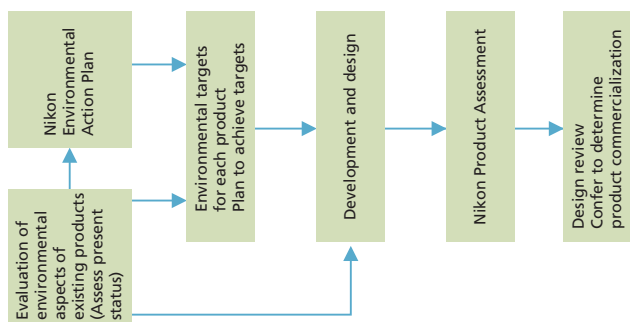
Environmentally friendly Product Development System
The Nikon Group developed an original system for managing environmentally friendly product designs. In operating this system, the Group has continuously strengthened the contents of the Nikon Environmental Action Plan and Nikon Product Assessment (details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

Under this system, the Nikon Group is significantly improving energy efficiency in various products. In addition, Nikon continues to produce higher levels of environmentally friendly products through a reduction of resources, maximum application of Eco-glass, lead-free solder and plating techniques that are free of hexavalent-chromium and significant reductions in other hazardous substances.

By March 31, 2006, the Nikon Group had completed preparations to comply with EU's RoHS Directive*.

*RoHS Directive: Applies to an extensive range of electrical and electronic products sold in Europe. In principle, the Directive prohibits the sale of products containing hexavalent-chromium, lead, cadmium, mercury, PBB and PBDE in European markets, except in specific cases where there are no feasible alternatives. The Directive has been in force since July 2006.

Management system flow for eco-friendly product design



Nikon Product Assessment System

To minimize the adverse environmental effects of its products throughout their life cycles, Nikon formulated its own product assessment system in 1995. The system quantifies improvements in eco-friendliness for products under development. That same year, Nikon Product Assessment was introduced for all products under development and design in a bid to develop products with significantly less environmental impact.

Nikon has been adding evaluation categories and tightening standards since 1995, and now uses version 8 of the system with reinforced criteria related to hazardous substances as well as the efficient use of resources and energy. As a result, Nikon has further improved assessment points and made significant progress in the development and design departments.

Features of the Nikon Product Assessment System

- In a bid to stay ahead of environmental regulations and deteriorating global environmental problems, Nikon sets its own standards with its products property in mind. The details are determined after ongoing debates between product developers, material engineers and other experts.
- Makes product assessment mandatory in design reviews and related phases of product development, with procedures and standards clearly defined
- Requires continuous improvement in assessment scores from one model to the next
- Supports designers by offering relevant documentation and references, as well as an environmental database of information relating to materials (Eco-glass, plastics, metals, surface-treatment materials, bonding agents, etc.)
- Ongoing reductions in product mass, volume, and part counts
- Assessment and improvement of energy consumption based on Nikon's Energy Efficiency formula (product functionality/power consumed)
- Pursuit of extended product life and simpler repair procedures
- Reduction in the amount of waste generated from consumables; appropriate guidance on waste processing for customers
- Simplified recycling procedures (simpler separation of plastics from metals, content marking/explanation and simpler removal of rechargeable batteries)
- Complete elimination and reduction of hazardous substances (heavy metals, designated brominated flame retardants, PVC and ozone-layer-depleting substances, etc. contained in metals, plastics, cables, electronic parts and other various materials)
- Use of optical glass free of lead and arsenic (see page 12)
- Use of lead-free solder on electronic circuit boards (see page 36)
- Adoption of surface-treatment technologies free of hexavalent-chromium (see page 36)
- Strict observance of environmental laws and regulations (battery regulations, RoHS Directive, etc.)
- Overall assessment (overall assessment score, comments on evaluation, etc.)

Implementation of Nikon Product Assessment

Main achievement for the year ended March 31, 2009

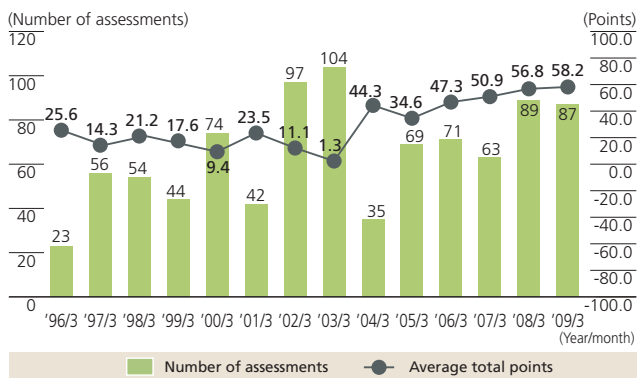
- Conducted 87 product assessments, with an average total score of +58.2 points.

Assessment points are added if the environmental friendliness of a product improves compared with existing products, while points are subtracted if the environmental friendliness of a product deteriorates. The point scale ranges from -100 to +100.

Over the 14 years from the year ended March 31, 1996 to the year ended March 31, 2009, Nikon performed a cumulative 908 assessments under this program. Products received an average total score of +29.5 points. The average score for the past six years, during which the assessment standards have been significantly enhanced, was a high +49.8 points.

This assessment confirms the significant progress Nikon is making in environmental friendliness.

Implementing Product Assessments



Reducing Hazardous Substances in Products

Main achievements for the year ended March 31, 2009

- Maintained 100% lead-free electronic circuit boards in all newly-released consumer products.
- Achieved lead-free assembly in 97% of all newly-designed electronic circuit boards of industrial products.
- Trained a cumulative total of 950 or more instructors and certified workers in lead-free soldering processes.

As part of Nikon's technical efforts to reduce hazardous substances in its products, we make use of lead-free soldering technologies and surface treatment technologies that do not use heavy metals such as hexavalent-chromium. In addition, we are introducing chemical analysis techniques for use by the Quality Assurance Department.

■ Full-scale adoption of lead-free solder

Under the leadership of the Yokohama Plant and Sendai Nikon, the Nikon Group has established a system for employing lead-free solder. The system involves not only Nikon's product development and manufacturing technology departments, but also group companies and business partners.

Nikon's in-house training and technical certification system for the training of staff in the techniques of manual soldering now includes a course on lead-free soldering procedures to help employees master the new technology. By the year ended March 31, 2009, over 950 instructors and certified



Lead-free flow furnace



An example of lead-free items: High speed serial interface board employed for the latest IC steppers and scanners

workers have been trained in lead-free soldering, both in Japan and at overseas production subsidiaries.

Furthermore, the types of lead-free solders have been unified to industry-standard "tin-silver-copper".

Application of lead-free solder to Nikon products

The use of lead-free solder is being implemented under the Environmental Action Plan (see page 33). Progress has been rapid: in the year ended March 31, 2009, Nikon used 100% lead-free solder for the electronic circuit boards in all of its new consumer products, including the D700 digital SLR camera. The use of lead-free solder is also being aggressively promoted for our industrial products (steppers and scanners, microscopes, surveying instruments, etc.), and in the year ended March 31, 2009, 97% of all newly-designed boards were soldered with lead-free materials.

■ Use of hexavalent-chromium-free technology in surface treatment processes

The Yokohama Plant's surface treatment department reviewed its technology and process used for chromate treatment and chrome plating, and abolished the use of the extremely hazardous hexavalent-chromium at the end of 2004.

Using the progressive results and experiences gained through such activities, Nikon is actively employing hexavalent-chromium-free technology in the surface treatment of all Nikon products.

Surface treatment processes pose a wide range of difficult issues due to the many types of surface treatments used, such as painting, plating and chemical conversion, on a wide range of components in a variety of working conditions. Therefore, strict technical standards were also employed for lead, cadmium and mercury, and the company is working to completely eliminate the use of heavy metals. In the year ended March 31, 2009, processes were systematically managed for this reason.

■ Chemical analysis techniques used by the Quality Assurance Department

The Nikon Group plans to abolish the use of hexavalent-chromium, lead, cadmium, mercury, PBB, PBDE, PVC and other hazardous chemical substances in our products as much as technically possible. Nikon products consist of materials and components procured from manufacturers and trading companies located worldwide, which are then processed and assembled by many manufacturers through a complex supply chain. To completely eliminate hazardous substances from such a complex manufacturing process, it is essential to confirm the situation through a green procurement system (see page 54) and a chemical analysis of procured materials. Therefore, Nikon has introduced chemical analysis techniques to be carried out by the Quality Assurance Department at major stages in the production process for all types of products. Nikon also trained a large number of technicians in the use of analytical techniques and related know-how to prevent hazardous chemical substances from leaking into Nikon products.

Product-related Activities

Reuse and Recycling of Used Products

Main achievement for the year ended March 31, 2009
 • Shipped 17 refurbished steppers and scanners (cumulative 224 units)

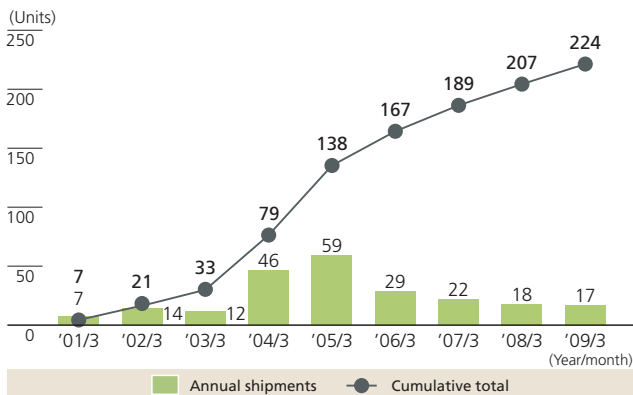
Nikon, which supplies its products worldwide, is working tirelessly to reduce the total environmental impact of its products and services through the reuse and recycling of used products.

■ **Sales of refurbished steppers and scanners**

In the year ended March 31, 2001, Nikon launched a service for collecting used steppers and scanners from customers, reconditioning them, replacing parts, reconfiguring them, and installing them for new customers in Japan and overseas. This exemplifies Nikon’s willingness and capability to reuse its own products and reflects the company’s ability to simultaneously contribute to the environment and satisfy customers. Nikon has steadily strengthened this system and expanded business.

As a result, Nikon shipped 17 steppers and scanners in the year ended March 31, 2009, bringing the cumulative total to 224. In order to improve efficiency in the recycling and reconfiguration stages, Nikon has been promoting standardization and boosted efficiency in improving or altering tools, facilities, and processes and has built a system for dealing with technical problems.

Sales volume of Nikon refurbished steppers and scanners



NSR-2205i 12D
 (released in 1996)
 Highly popular in
 secondhand markets

■ **Battery recycling**

Nikon Corporation has been cooperating with the JBRC* (Japan Battery Recycling Center) and other partner firms to collect and recycle used rechargeable batteries for Nikon digital cameras and other products in Japan.

*JBRC: A general incorporated association that promotes recycling of compact rechargeable batteries in Japan based on the Law for Promotion of Effective Utilization of Resources

■ **Recycling of used Nikon products**

Under the WEEE Directive*, European countries have been enacting their own laws and establishing systems for the collection and recycling of used electronic products. Following this trend, the Nikon Group—led by a subsidiary in the Netherlands—has been preparing nation-specific measures to meet collection and recycling obligations for digital cameras and other Nikon products.

By the year ended March 31, 2009, Nikon had established a collection and recycling system where subsidiaries are registered with collection organizations in more than 25 countries. Nikon’s local sales companies and others shouldered a total of more than 16 million yen in the year ended March 31, 2009, for the collection of Nikon products in European nations. This figure includes only the costs that are officially recognized by Nikon. The Nikon Group is keenly aware of the importance of collecting and recycling used products and plans to continue taking appropriate measures in the future.

*WEEE Directive: A Directive on Waste Electrical and Electronic Equipment established by the EU, requiring manufacturers to collect and recycle used electrical and electronic products from August 2005.



EU recycling mark

Improving Physical Distribution in Japan

Main achievements for the year ended March 31, 2009

- Nikon Group's CO₂ emission volume from physical distribution in Japan fell to 2,389 tons.
- Installed digital tachometer.
- Conducted training on eco-friendly driving.
- Started modal shift.
- Conducted environmental awareness activities for transport companies working for Nikon.

Major target for the year ending March 31, 2010

- Reduced CO₂ emissions per net sale by more than 15% compared to the year ended March 31, 2007.

To combat global warming, there is an immediate need to reduce CO₂ emission volumes associated with physical distribution. The Nikon Group is striving to identify distribution routes for its major manufacturing subsidiaries in Japan to obtain numerical figures for its distribution volume and accurately measure the amount of CO₂ emissions released.

Improving driving by using digital tachometers

Nikon Business Service, which is in charge of the Nikon Group's physical distribution, installed digital tachometers on all large-cargo vehicles it owns. It aims to further improve efficiency as well as drivers' safety awareness by recording, managing and assessing each vehicle's distribution routes, arrival and departure times, maximum speed on ordinary roads and express ways, number of times a vehicle makes a sudden start, sudden stop, and sudden acceleration, and the length of time drivers take for breaks. In addition, Nikon Business Service conducts training on eco-friendly driving methods and environmental awareness activities for outsourcing transportation firms.

Promoting idling stop

When transporting IC steppers and scanners and other devices, strict control of the cargo room temperature is necessary. Conventional vehicles needed to keep their engines running while stopped in order to keep heating, ventilating, and air conditioning (HVAC) equipment running. Nikon has now become able to stop the idling of transport vehicles because of a new system in which the HVAC equipment is powered by an external source from within the Nikon plant compound.



Externally powered vehicle

Implementing modal shifts

The Instruments Company is shifting from truck deliveries to railway transport, which causes lower environmental impact. Currently, we are gradually shifting to environmentally friendly modes of transportation for as many goods as possible. In the future, we plan to actively engage in modal shifts with orders that meet conditions.

Low-pollution vehicles

Three natural-gas-fueled buses were introduced at the Kumagaya Plant as commuter buses in a bid to reduce CO₂ emissions.

Additionally, a phased plan has been established to replace the trucks operated by Nikon Business Services Co., Ltd. with vehicles offering low fuel consumption.



Natural-gas-fueled bus at Kumagaya Plant

Packaging Measures

Nikon Corporation devised its Environmental Policy Regarding Packaging Materials in May 1998 (revised in June 2000) to reduce the amount of packaging for its products. Based on this policy, Nikon has been engaging in various efforts to boost the loading efficiency of physical distribution. Packaging can be further downsized by reviewing the size of product boxes that can be efficiently loaded onto delivery trucks, making user manuals less bulky, and switching from conventional containers to pallets to eliminate the need for outer packaging.

In addition, Nikon strives to use recycled resources efficiently. For example, the company employs a type of insertion packaging that enables the cushioning material and cardboard box to be easily separated, and uses molded pulp for cushioning in the packaging of some products.

Workplace-related Activities

To prevent global warming and move towards a resource-recycling society, the Nikon Group is striving to ensure that each business unit systematically saves energy, recycles waste and protects the local environment.

Energy Saving

Main achievements for the year ended March 31, 2009

- Nikon Corporation and its manufacturing subsidiaries in Japan released a total of 127,000 tons of CO₂, compared with the target of keeping CO₂ emissions to less than 131,000 tons (96% compared with the year ended March 2006).
- Two Asian manufacturing subsidiaries reduced CO₂ emission volumes per net sales by 6% compared with the goal of a 5% reduction over the year ended March 31, 2006. The two subsidiaries released a total of 66,000 tons of CO₂, compared with the target of less than 67,000 tons.

Global warming is mainly caused by the surge in CO₂ emissions resulting from the combustion of fossil fuels. To reduce CO₂ emissions, the Nikon Group has been continuing efforts especially through the promotion of energy-saving methods that scale back volumes of CO₂.

The main measures include boosting the efficiency of HVAC equipment, switching to more efficient lighting equipment, improving production processes, and applying stricter controls for the use of lighting and office equipment. In addition, we are devising measures that make use of natural energy sources.

■ Installing high-efficiency equipment and using natural energy sources (see page 13)

Sendai Nikon installed a cogeneration system and—combined with highly efficient equipment—has achieved significant energy-saving results.

Nikon believes that the use of natural energy sources is an important effort in future energy-saving measures. Since the year ended March 2007, the Yokohama Plant has been taking part in a Yokohama City project to generate electricity using a wind turbine. In addition, the Kumagaya Plant plans to install a solar-energy power generation system in the second half of 2009.



Hama-Wing
(Yokohama City wind power plant)

■ Preventing leakage of compressed air

When compressed air leaks from air guns used to remove dust during the production process, compressors constantly operate to maintain the pressure, and this consumes electricity. According to some estimates, a total of roughly 0.5 tons of CO₂ can be released annually from these often-overlooked small leakages. To avoid this unnecessary release of CO₂, the Kumagaya Plant identifies leaks using a device that detects leaks from their sound, and repairs each leak in a bid to reduce unnecessary energy consumption as much as possible.



Inspection of air leakages

■ Reducing stand-by power of computers

If they are plugged in, computers still consume energy (stand-by power) when powered off. In addition, computers consume power unnecessarily when employees leave their desks for an extended period of time leaving their computers switched on. To reduce the consumption of this stand-by power, the Nikon Group employs various measures such as requiring all employees to unplug their computers after work and adjust the power management settings on their computers.



In-house posters encouraging employees to save energy

Energy-saving measures for the year ending March 31, 2010

- Promote upgrading of old refrigeration equipment.
- Improve compressed air supply systems.
- Improve clean room operation.
- Switch energy sources (heavy oil → gas → electricity).
- Actively introduce high-efficiency equipment (HVAC systems, power systems, etc.).
- Ensure high efficiency of utilities and production facilities.
- Integrate/abolish electrical facilities.
- Improve quality control efficiency (production line improvement activities).
- Make use of natural energy sources.
- Expand a visualization of power consumption.
- Conduct awareness activities.

Toward Zero Emission

Main achievements for the year ended March 31, 2009

- Maintained level 1 zero emission system (Nikon Corporation and its major manufacturing subsidiaries in Japan, excluding Hikari Glass).
- Decided to establish zero emission system (two Asian manufacturing subsidiaries).
- Reduced mass-volume waste by 11%, exceeding the goal of a 10% reduction over the year ended March 31, 2006 (Nikon Corporation and its major manufacturing subsidiaries in Japan, excluding Hikari Glass).

Major targets for the year ending March 31, 2010

- Maintain level 1 zero emission system (Nikon Corporation and its major manufacturing subsidiaries in Japan, excluding Hikari Glass).
- Prepare to establish zero emission system (two Asian manufacturing subsidiaries).
- Reduce waste by 20% compared with the year ended March 31, 2006 (Nikon Corporation and its major manufacturing subsidiaries in Japan, excluding Hikari Glass).

Starting from the year ended March 2009, the Nikon Group has introduced level-specific indicators to further define zero emission. (Until now, the definition was “final (landfill) disposal amounting to less than 1% of the total waste volume.”)

- 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%

Based on this definition, 12 business establishments including Nikon Corporation and its manufacturing subsidiaries in Japan (excluding Hikari Glass and TNI Industry) have achieved level 1 zero emission system (see page 61).

■ Progress at Nikon Corporation

The total amount of waste generated by Nikon Corporation increased by 17.9% year-on-year for the year ended March 31, 2009, despite a decline in production. However, the resource-recycling rate stood at 98.8%, while the final (landfill) disposal rate improved to 0.30%, enabling Nikon Corporation to maintain its level 1 zero emission system (see page 61).

The Sagami-hara Plant was able to make the following improvements in cost reductions and resource-recycling.

- After vapor deposition processing of lenses, the plant had been discarding used deposition materials and tools. But it implemented returning the materials and tools to the manufacturers for reuse.
- Instead of discarding used semiconductor parts, the plant switched to selling the parts to recycling companies.

■ Progress at major manufacturing subsidiaries in Japan

Nikon’s major manufacturing subsidiaries in Japan reduced the total amount of waste they generated by 10.9% year-on-year for the year ended March 31, 2009, helped by a decline in production. The resource-recycling rate stood at 67.4%

while the final (landfill) disposal rate improved to 28.1%, meaning that seven major manufacturing subsidiaries in Japan, excluding Hikari Glass, maintained their level 1 zero emission system (see page 61). In addition, the Hikari Glass Akita Plant separates Eco-glass (harmless) from the vast amounts of discarded glass, and outsources the processing to waste service companies that make products (for use as roadbed materials, etc.) out of used glass. This enables Hikari Glass Akita Plant to minimize cost increases while recycling resources.



Before processing: Eco-glass (harmless) (Hikari Glass Akita Plant)



After processing: Roadbed materials (after being outsourced to a waste service company)

Preventing Air/Water Pollution and Protecting Water Resources

■ Preventing pollution of the air and water

To help preserve air and water quality, the Nikon Group not only abides by applicable laws and regulations, but also established its own independent plant standards for management. Specifically, each plant regularly measures pollutants released into the air and water, and inspects equipment such as boilers and waste water processing systems periodically to ensure safety (see pages 62-67).

In addition, the Mito Plant switched the fuel used to power its three existing boilers from heavy oil to liquefied petroleum gas (LPG) in order to reduce CO₂ emissions. This eliminated the release of sulfur oxides (SO_x), which is a pollutant, and also reduced emissions of dust and nitrogen oxides (NO_x).

■ Protecting water resources

Nikon’s manufacturing subsidiaries are expanding their businesses and transforming business structures. Since the year ended March 31, 1999, when the Environmental Management System was introduced, the Nikon Group has been promoting the reuse of water used in production processes, and all employees have been urged to conserve water to hold back increases in water consumption (see page 67). Examples of these measures can be seen at the Nikon Ohi West Building. Stored rainwater is used for flushing toilets. Air cooling has replaced water cooling for HVAC equipment. Smaller dishwashers in the canteen kitchen conserve water compared with existing machines. The waste water processing facilities have been renovated to cut water usage. And water-saving tap plugs have been installed to also cut down on water usage.

Workplace-related Activities

Control and Reduction of Chemical Substances in Manufacturing

The Nikon Group performs chemical substance control at every stage of the product lifecycle, from product purchase through use and disposal, to prevent pollution caused by these chemical substances.

When first purchasing a new chemical substance, Nikon Corporation obtains a Material Safety Data Sheet (MSDS) for the item, and assesses the potential dangers of its use in the workplace. Actions taken based on these assessment results are first reviewed. Nikon's Environment, Safety and Health Section then reconfirms the measures from its expert perspective.

In addition, the Ohi Plant's Data Center centrally manages the registration, updating and storing of MSDS data. This data is also available through the Nikon intranet.

The Nikon Group places especially strict controls on chemical substances with higher environmental loading so as to reduce the use of these substances. By pursuing research on alternative substances, the company continually strives to reduce the risk of chemical contamination to as close to zero as possible.

■ The Nikon Group's PRTR*

The Nikon Group created the Nikon PRTR Guide in March 2000, and each business establishment has been implementing control activities related to targeted chemical substances used at each site. Based on the Guide, the Group manages volumes of chemical substances purchased, used and disposed of as well as safety concerning the handling and disposal of chemical substances based on the MSDS.

In March 2002, the Group established a system for responding to the legal requirement for reporting chemical substances by expanding and renewing the Guide with a section on how to fill out official forms (see page 60).

*PRTR (Pollutant Release and Transfer Register)

A system requiring organizations to record the amount of chemical substances released that are possibly harmful to human health and the environment, and to report them once a year to the government. The government records and compiles such data and discloses it to the public.

Progress Report on Soil Contamination Remediation at the Ohi Plant

In 2007, when some superannuated factory buildings were demolished at Nikon's Ohi Plant to make way for the construction of new ones, a soil contamination survey was conducted in accordance with the Tokyo Metropolitan Ordinance on Environmental Preservation. During this survey conducted between January 10 and April 13, 2007 high levels of a designated hazardous substance were detected on part of the site; specifically, hexavalent-chromium was present at up to 3,600 times the guideline concentration, although the affected area was limited and inside a building. Also, trichloroethylene was detected at a level 1.8 times that of the guideline value; this

was around a groundwater inspection hole that had been bored near the perimeter of the Ohi Plant for the survey.

Shortly after this discovery, Nikon made a report to the Environment Bureau of the Tokyo Metropolitan Government and Shinagawa Ward Office; it also held briefings for local residents in April and July 2007. Since these activities, Nikon has been taking measures to comply with relevant ordinances to prevent negatively impacting the surrounding environment. In late 2007, measures taken at the former No. 2 building site were completed, while measures on the former No. 1 building site are still being implemented.

Underground Water Inspection at Mito Nikon Precision

In order to acknowledge the environmental burden caused by volatile organic compounds used in the past, Mito Nikon Precision conducted an inspection of underground water within the main factory's complex between June and July of 2008. As a result, the company detected trichloroethylene at a level exceeding the guidelines (1.8 times the standard) as well as hexavalent-chromium (4.8 times the standard) at several inspection spots. These substances are believed to have resulted from the cleansing of machine processing parts as well as surface-treatment processing that Mito Nikon Precision had been engaged in while manufacturing cameras since its founding in 1968.

On September 19, 2008, Mito Nikon Precision reported its findings to the Ibaraki Prefectural Government and the Naka

City Government. In addition, the company has been conducting research to determine the exact cause of the chemical substances as well as their effects on the surrounding environment and pollutant elimination methods. On Feb. 19, 2009, the company submitted to the Ibaraki Prefectural Government and the Naka City Government a Contamination Elimination Measures Plan which complies with the Soil Contamination Countermeasures Act. It then conducted a briefing for local residents on Feb. 26 and began working on countermeasures. Nikon plans to continue implementing water purification measures by pumping underground water from the factory compounds, and by implementing measures that follow the relevant ordinances so as to prevent adverse affects on the surrounding environment.

Relationship with Customers

The basic stance of the Nikon Group is to make social and economic contributions through activities that provide products and services useful for society. Every effort is being made at each Nikon in-house company to create a business structure that best meets customer needs.

Quality Control for Products & Services

The Nikon Group supplies products and services with an emphasis on its customers and giving priority to Nikon quality, which includes safety, environmental protection, functionality, performance, and reliability. This inclusive concept pervades daily production activities and related business operations and is key to Nikon's efforts to make products of ever better quality.

■ Policies and systems for quality control

Based on the Nikon Group's traditional priority on quality, the Nikon Code of Conduct declares that the Group will supply products and services that excel in quality and safety and are useful to society. To achieve this, the Quality Control Directive (QCD) has been established as a set of basic regulations for quality control; information on basic policies and practical operations is conveyed throughout the entire Group. At the local level, every Group company has set up a Quality Assurance Department to conduct reliability tests and process inspections for the verification of product quality.

■ Quality Control Committee

In line with the corporate philosophy and Nikon Corporate Social Responsibility (CSR) Charter, the Quality Control Committee deliberates and makes decisions on fundamental policies and basic issues related to quality control. Also, the committee strives to improve the quality control systems and conducts prompt reviews of the systems to ensure that they are working effectively. At the same time, it informs all related departments of the decisions it has made and fosters quality control activities across the board.

■ ISO 9001 certification

The Nikon Group is conducting business operations in line with its ISO 9001 Quality Manual created based on the QCD, and all the business segments of Nikon Corporation and major Group companies have acquired ISO 9001 certification.

We also conclude quality assurance agreements with our business partners based on their understanding of the Nikon Group's "quality first" policy. At the request of our partners, we send Nikon Corporation's qualified ISO 9001 auditors to them to help them acquire ISO 9001 certification. Moreover every November, which is designated as "Quality Month" in Japan, we hold lectures inviting external experts so that employees of both Nikon Group companies and their partner companies can improve their quality-related skills.



Lecture on Quality attended by staff from partner companies as well as Nikon Group employees

■ Quality control audits

In the Nikon Group, quality control audits are conducted by the Chairman of the Quality Control Committee based on the QCD. Specifically, the chairman inspects, checks, and evaluates the quality control activities conducted at Nikon Group companies to help them improve the quality of both their products/services and business operations.

The audited companies are required to make corrections and improvements to any shortcomings found in the audits, and the QCD is revised as required. Important findings are reported to the Executive Committee and are also used to improve internal controls.

In the year ending March 31, 2010, we will further increase the frequency of quality control audits, focusing more on audits of sales departments, where quality-control awareness tends to diminish over time, and audits of basic business operations conducted in common by all departments, thereby further improving quality throughout the Nikon Group.

■ Product safety assurance

The Nikon Group gives due consideration to the safety of its products throughout their lifecycle, from the initial planning stage.

Specifically, we design our products in line with the Safety Design Principles that we have formulated based on relevant international standards, and then confirm their safety through measures such as design reviews and inspections carried out on the production line. We also obtain safety certification from third-party control bodies as necessary. Furthermore, our Product Safety Test Room ensures that only safe products reach our customers. This testing group has passed the stringent certification criteria of TÜV SÜD Product Service GmbH, Germany, a certification body for testing laboratories in Europe.

Quality and safety problems in the year ended March 31, 2009

► [For information on the recall and free replacement of Nikon's C-HC1 biological microscope specimen holder, see:](#)

http://www.nikon.com/about/news/2008/0507_01.htm

Relationship with Customers

Strengthening Manufacturing Competitiveness

The Nikon Group is committed to strengthening its manufacturing competitiveness constantly to meet the expectations of its customers. This involves a wide variety of production methods for different products, ranging from cutting-edge IC steppers and scanners demanding ultra-high precisions to consumer products that require enhanced efficiency. While giving careful consideration to the characteristics of each product, we are working to both strengthen and make more efficient our manufacturing capabilities in all production processes. The entire Group is thus striving to improve competitiveness in terms of speed and cost as well as quality.

Five-point initiative for strengthening manufacturing competitiveness

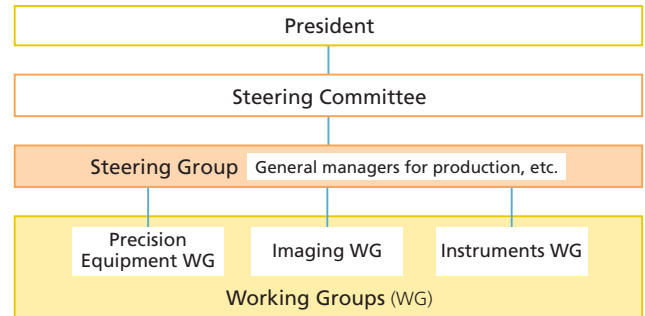
- Development reform
- Production preparation
- SCM (supply chain management) enhancement
- Productivity reform
- Human resource development

■ Mono Project

To strengthen manufacturing competitiveness, a Group-wide Manufacturing Reform Project, led by the president of Nikon Corporation, was started in 2006. Separate working groups were set up for each of the Nikon Group's core businesses (Precision Equipment, Imaging, and Instruments) and progress is being made with these reforms while ensuring close coordination between different businesses. These working groups have succeeded in improving the productivity of the Group by reducing lead times and reforming production methods. Specifically, they are adopting simplified designs and common platforms in the development process and improving the preparatory procedures for production toward the goal of (a)

eliminating waste and establishing production methods that are suited to Nikon products and (b) pursuing front loading and the ability to mass-produce at once. We will continue to strengthen our manufacturing competitiveness and efficiency to achieve more reforms.

Manufacturing Reform Project Organization (Mono Project)



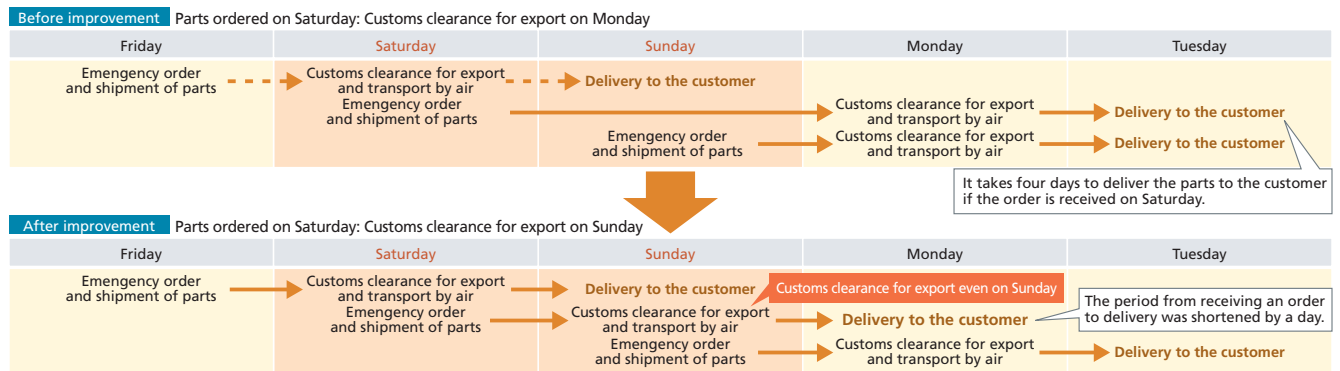
Improving Customer Satisfaction and Service Response

In order to accurately assess customer feedback and to fine-tune Nikon's response, each company in the Group has its own independent system for supplying goods and services.

■ Precision Equipment Company

The Precision Equipment Company supplies steppers and scanners for use in the manufacture of semiconductors and LCD panels, but its links to customers are not limited to the supply of these products. Based on the recognition that it is also essential to provide customers with highly satisfactory support services, Service Management Department conducted

Improvements in the Precision Equipment Company's system to supply repair parts to overseas Group companies



Note: The Nikon Parts Center is in charge of emergency orders and shipment of parts and customs clearance for export and transport by air, while overseas Group companies are in charge of delivery.

a unique customer satisfaction survey both online and offline. The comments made by customers in the survey were analyzed to identify problems to be solved to improve customer satisfaction. The survey results were reported to the Executive Meeting, the decision-making organization of the company, for use as valuable information for improving its products and services. One of the important findings of the survey conducted in the year ended March 31, 2009 was the need of establishing a better system to supply repair parts to overseas Group companies, and accordingly, the in-house company implemented measures to speed up the supply process.

Support activities

The Precision Equipment Company has a system to promptly supply repair parts to customers when Nikon products being used by them break down. Also, this in-house company has introduced and is using a prediction system for overseas Group companies to help them optimize their parts inventories and improve the delivery of parts to customers. In addition, the company is continuously taking measures to build an effective supply chain and is committed to making further improvements by incorporating customers' opinions.

■ Imaging Company

The Imaging Company is committed to meeting and exceeding customers' needs, endeavoring to please them, which in turn will bring happiness to the company. To support this, the company has call centers and service contacts that directly listen to the opinions of customers. In addition, it is taking measures to collect and analyze the "hidden" opinions of cus-

tomers. Also, all the company's departments are making a concerted effort to develop products and give support services in an integrated manner.

Sharing "hidden" opinions of customers

The service department deals directly with and collects opinions from customers all over the world. Staff members are also trying to find out the "hidden" opinions of customers by examining the products deposited by customers for repair. The marketing department, on the other hand, analyzes the opinions of customers received at the call centers, which amount to nearly 20,000 per month in Japan alone.

The information thus collected is used at the VOC and VOP meetings of all departmental managers to incorporate customers' opinions into Nikon products. As for quality-related problems, all departments meet together to clarify the causes from various aspects working toward a solution. In addition to this, at meetings held to decide which product will be released as new models, opinions collected from customers and points noted by the service department are all referred to in order to release a better product with the next model. The company is thus providing employees with more opportunities to share customers' opinions so that they can develop better products, improve existing products, and expand services. The Imaging Company also checks and reviews its company-wide policies and business processes at an annual meeting called the "system inspection meeting."

"Number one service support" for customers

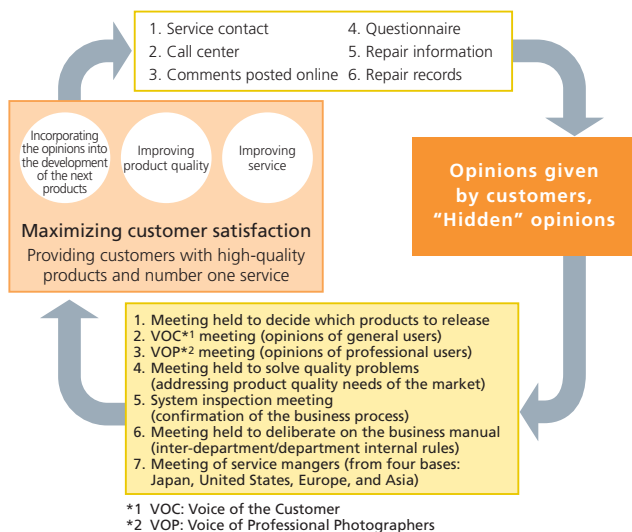
The Imaging Company is implementing a range of measures to provide customers with high-quality services, always trying to maximize customer satisfaction. The company has increased the number of repair centers and direct customer contacts in order that as many customers as possible can feel closer to its products. As a result, as of March 2009 the number of direct customer contacts totaled more than 200 in 62 countries and regions of the world.

In order to improve the service level, the Imaging Company holds biannual meetings of service managers drawn from its bases all over the world to set common targets, check on the progress made, exchange the latest information, share successful examples, and solve problems.

The company also has a service training system in place, which is intended to help employees maintain, improve, and pass on their service skills. Under this system, service personnel in Japan are sent overseas and those outside Japan come here to receive training on service skills.

In 2008, the Imaging Company introduced an e-learning system for service personnel to enable them to obtain the latest product knowledge and skills using IT. In addition, the company established a certification system for employees engaged in product repairs, thereby building a more systematic educational system.

Cycle to incorporate customers' opinions



Relationship with Customers

As a result, in the annual survey on customer satisfaction conducted by *Nikkei Business* with after-sale service in Japan in 2008, Nikon Corporation was ranked top in the digital camera category for the fourth time in a row. In addition, one of our Group companies in the United States was awarded the Martin Strauss Memorial Manufacturer Service Support Award by the National Association of Photo Equipment Technicians (NAPET) for the eighth consecutive year. We will continue our efforts to provide customers with the best service in the world.



Upper: Meeting of service managers from bases around the world
Lower: Award ceremony held by NAPET

■ Instruments Company

The products of the Instruments Company are used by a broad range of customers, from those working in research fields, such as bioscience to those involved in manufacturing, such as electronic components and automobile assembly. The company is striving to develop new products, new technologies, and new services in response to the wide variety of customer requests received via its marketing, sales, and CS activities.

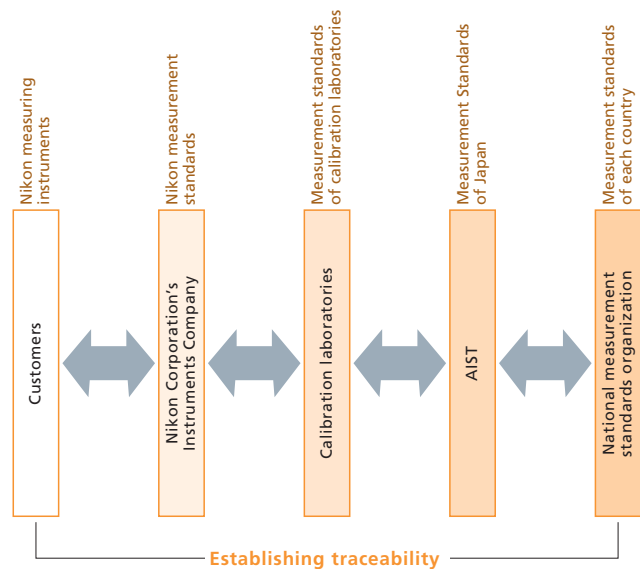
High-precision measuring instruments that meet international standards

The Instruments Company helps its customers improve their quality control systems through its products and services. Specifically, it provides customers with measuring microscopes, profile projectors, and CNC video measuring systems. It also provides them with calibration services to verify the precision of these measuring instruments.

When goods are traded, it is important that their length and weight are measured using the common measurement standards. With the globalization of trading, it is essential that the same measurement standards are shared across the world, regardless of who manufacture them in which corner of the globe. Manufacturers of measuring instruments are therefore required to make their products traceable to the relevant international standards. Nikon measuring instruments are calibrated by various calibration laboratories as well as by the National Institute of Advanced Industrial Science and Technology (AIST) and are traceable to the measurement standards set by the national measurement standards organization of different countries. In order to increase the reliability of its own calibration services, the Instruments Company is pressing forward with acquiring ISO/IEC 17025* accreditation and has already acquired this certification for measuring microscopes and profile projectors. The company will acquire accreditation for other product categories in order to give more support to customers who are globalizing their businesses.

*ISO/IEC 17025: International standard on quality systems for testing and calibration laboratories. The targets for this standard are not products or services but calibration and testing methods and related technologies. Compared with ISO 9001, more strict traceability requirements are set for this standard. It is particularly essential to meet ISO/IEC 17025 requirements in the automobile industry, which is becoming more globalized than others.

Traceability



Relationship with Shareholders and Investors

To gain the better understanding and trust of shareholders and investors, the Nikon Group provides a wide range of timely information as part of its vigorous approach to communication. We also make every effort to enhance feedback to management.

Disclosure to Shareholders and Investors

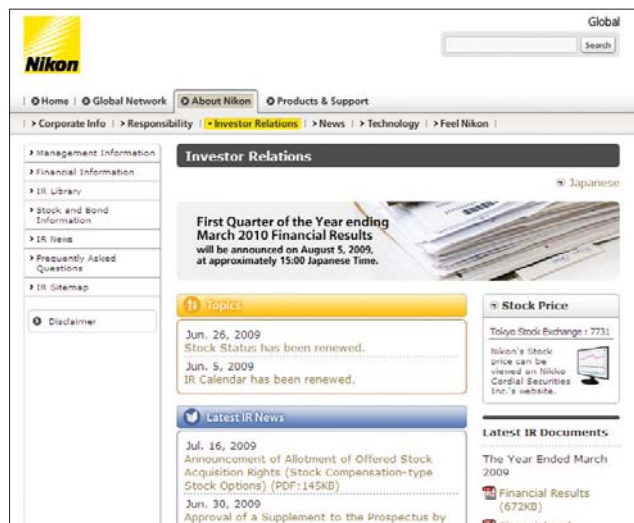
Basic disclosure policy

The Nikon Group's basic stance on information disclosure is to disclose corporate information in a fair and positive manner. In addition to observing the Timely Disclosure Rules established by the Tokyo Stock Exchange, the Nikon Group continues working to foster a deeper understanding among its shareholders and investors by providing a wide range of information, from management policies and business activities to information on products and technologies.

Disclosure tools and timely disclosure

When disclosing information, Nikon applies methods that are appropriate for the details being disclosed. Information is provided through the mass media with news releases and official announcements, and through other means such as briefings, fact books, annual reports, semiannual/annual business reports for investors, and other printed materials.

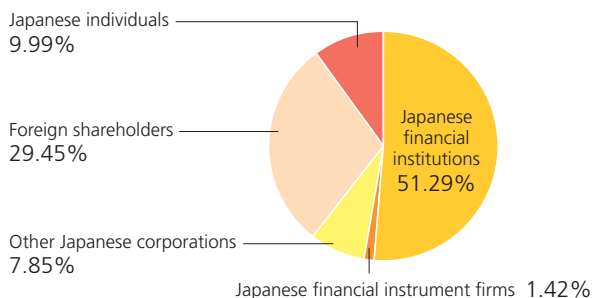
With the spread of the Internet in recent years and the increasing need to transmit information via a website, we established an Investor Relations section on our website to provide the latest news. Timely disclosure to investors is further assured by the use of the Tokyo Stock Exchange's Timely Disclosure network (TDnet).



Nikon's Investor Relations (IR):

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

Nikon shareholders (as of March 31, 2009)



Communication with Shareholders & Investors

Communication policy

The Nikon Group employs a variety of means to enable interactive communication with its shareholders and investors as a way of promoting a deeper understanding of the company. At the same time, the active participation of top management assures that their opinions are more effectively applied to management.

IR activities

The Nikon Group holds conferences on financial results, medium term management plans, and other topics for institutional investors and analysts in Japan. The Group takes part in conferences organized by securities companies, to increase its opportunities for direct contact with investors. Group executives also travel internationally to augment their communications with overseas investors.

Communications with individual investors, meanwhile, are enriched through the Investor Relations activities and resources available through the Nikon website.

Major IR activities in the year ended March 31, 2009

IR activity	Frequency
Financial results conference, explanatory meetings, etc.	May, August, November, and December
Interviews with institutional investors/analysts	400/year approx.
Visits to overseas institutional investors	One each for Europe, USA, and Asia
Visits to domestic institutional investors	60/year approx.
Participation in conferences organized by securities companies	4/year
Participation in small meetings organized by securities companies	4/year

Relationship with Employees

Nikon Group employees come from a wide range of backgrounds. The Group's basic stance is to respect the diversity and human rights of employees, treat them fairly without prejudice, and provide an environment where everyone can devote themselves to achievement.

The Ideal Employee, The Ideal Company

The Nikon Group believes it necessary to build a relationship between employees and the Group that facilitates growth for both, in order to continue "Meeting needs. Exceeding expectations." Nikon Corporation will develop human resources who can lead an organization and train subordinates and contribute to the company with knowledge, technology, and skills, under the slogan, "Work for the team, think on your own, and act."

Personnel System

Nikon Corporation classifies employees into three levels (Junior Staff, Senior Staff, and Professional/Management) according to their abilities, and clearly states the responsibilities of each level. In October 2007, the company introduced a dual-track system, where employees are divided into two classes: managers with responsibility to lead the organization and specialists who make use of their knowledge and skills.

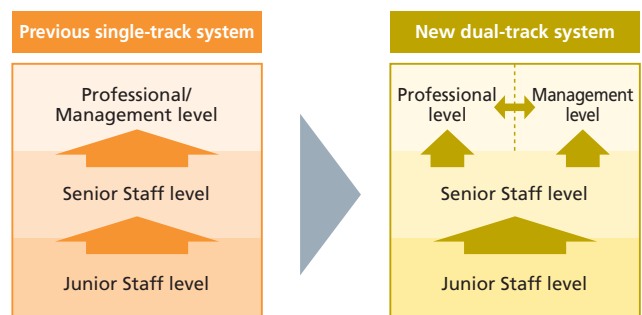
Under the new system, every employee will choose how they wish to contribute significantly to the company as an individual. As a result, employees will have higher motivation to display their abilities and pursue goals with a sense of meaning. Employees who are approaching the level at which they will make choices are provided support in the form of career planning sessions.

Performance-linked grades are set for each of the levels,

and employees who are reaching an upper grade on the level will take a promotion test. Based on the results of the test and the actual performance of the employee, the company will decide whether to promote the person or not. In addition, the company has a system under which managers and subordinates meet and decide on performance targets for their subordinates. This system helps employees understand the results of their performance evaluation and further develop and grow their individual abilities.

In the year ended March 31, 2009, management by objective (MBO) training was conducted targeting all employees at grade 5 on the Junior Staff level and some managers (voluntary participation).

Nikon's personnel system



Note: The personnel system does not cover part-time employees, temporary personnel, or dispatched workers.

Message from the director responsible

Becoming a truly excellent corporation where every employee can display their abilities

The Nikon Group regards all its employees across the world as important stakeholders and believes it essential to create an environment where employees can display their abilities to the full and develop themselves through work, in order for the Group to become a truly excellent corporation.

It is also vital for the sustainable development of our business to provide employees with more opportunities to develop their abilities, provide them with systems that facilitate their work, create a free and open corporate culture, and promote better work-life balance through more efficient and flexible working styles. Specifically, we are striving to provide employees who have different backgrounds with working environments that enable them to display their abilities. For example, we are strengthening support for female workers so that they can work comfortably even after they get married and have children, increasing the employment of people with disabilities by expanding the business size of our exceptional subsidiary, and

improving the employment rate of the elderly. Also, we respect basic global human rights, including the prohibition of child labor and forced labor as a basic policy, although in Japan we tend to take it for granted that these rights are protected.

The Nikon Group will take on the challenge of "Meeting needs. Exceeding expectations." by strengthening our manufacturing competitiveness and financial structure while fostering the development of human resources, the fundamental elements of the Group amid the harsh business climate.

Yoshimichi Kawai
 Director
 Member of the Board and Executive Office
 Nikon Corporation



Human Resource Development & In-house Training

Major achievements in the year ended March 31, 2009

- Conducted morale-boosting and target setting ability improvement training for managers.
- Provided training for younger employees.
- Assessed the effectiveness of engineer training courses.
- Educated new and mid-career employees on human rights.
- Carried out a 360-degree diagnostics targeting managers.

Nikon Corporation has used three ability indicators to establish a training system within its personnel system: “target setting and achievement ability,” “communication ability,” and “educational ability,” and provides training menus to enable employees to receive training according to their level on a continual basis.

Group companies within Japan dispatch employees to the training sessions held by Nikon Corporation. Group companies both in Japan and abroad also implement their own human resource development and training programs.

■ Improving target setting and achievement ability

In addition to training for employees to be promoted to Senior Staff and Professional/Management levels, teamwork, leadership, and management training courses were held for each of the Junior Staff, Senior Staff, and Management levels, and a total of 978 employees participated in the 48 training courses.

■ Improving communication ability

In order to develop human resources who “work for the team, think on their own, and act,” coaching, facilitation, and leadership advanced training sessions were held, as well as training sessions on global subjects, such as cross-cultural communication and Business English. A total of 652 employees participated in the 42 training courses.

■ Educating younger employees and improving the educational abilities of employees

With regard to the education of younger employees, employees in their first year at the company were provided with collective training and also received support for OJT so that they could communicate with their managers and instructors closely. In addition, employees in their second year received training on the PDCA cycle, and those in their third year received career awareness training, to prepare them to become mid-level employees. Training to improve the educational abilities of employees was provided for a broader range of employees together with coaching and morale-boosting training. A total of 1,275 employees participated in the 39 training courses.

■ Evaluating the effects of engineer training

We established a method of evaluating the effects of engineer training in the year ended March 31, 2008 and began evaluate the effects in the year ended March 31, 2009, targeting a total of 3,263 employees attending 170 courses. In the follow-up surveys conducted after the training of both existing and new engineers, 84% of respondents answered “The course was useful for my job,” and “What I have learned can be specifically applied to my job,” thus demonstrating that participants are generally satisfied with the training. We will continue to provide training that is useful for actual work, using the survey results as indicators.

■ Comfortable working environment

We are improving managers’ management capabilities and awareness of human rights to ensure that each employee can display their abilities to the full. In the year ended March 31, 2009, we carried out a 360-degree diagnostics of sectional managers to improve their management capabilities, and fed back the results to help them develop. In the future, we will link the diagnosis with training. In the same fiscal year, we educated new employees on basic human rights as part of the training provided to them on entering the company, and a total of 368 new employees learned about basic human rights.

Diversity

The Nikon Group respects individual diversity, including a person’s gender, age, nationality, personality, culture, and values. The management attaches great importance to creating a corporate culture in which every employee can develop to their full potential, free from prejudice. To achieve this, there are several ongoing initiatives, including upgrading systems, and educational activities designed to spread and firmly establish diversity awareness throughout the organization.

Employees of Nikon Group companies within Japan

Units: people

		Total number	Sectional or higher-level managers	Number of leavers	
				Retirees	Others
Men	Nikon Corporation	5,879	1,167	111	50
	Group companies within Japan*	2,936	263	16	81
Women	Nikon Corporation	547	16	10	8
	Group companies within Japan*	587	2	3	39

*Consolidated Group companies within Japan excluding Nikon Corporation.
Notes: The number of employees does not include part-time employees, temporary personnel or dispatched workers, or directors of Nikon Corporation. Employees dispatched to affiliates are included in the number of employees of the company from which they are dispatched.
Total numbers and numbers of sectional and higher-level employees are as of March 31, 2009.
The numbers of leavers are for the period from April 1, 2008 to March 31, 2009.

Relationship with Employees

Support for women in the workplace

Major achievements in the year ended March 31, 2009

Nikon Corporation:

- Established the Work and Family Support subcommittee to examine the improvement of childcare-related systems for supporting female workers with children.

Domestic Nikon Group companies:

- Opened a blog on diversity and began continuous awareness raising activities.
- Mandated female employees to participate in the “self-realization” training (and 117 employees participated).

Targets for the year ending March 31, 2010

- Start measures to help female employees display more abilities across the Nikon Group within Japan.
- Promote awareness raising among managers.
- Provide continuous “self-realization” training for female employees.

Nikon Corporation has been employing and treating employees without gender discrimination. In reality, however, there are differences between the numbers of male and female employees and managers. We regard this as a challenge to be tackled. Accordingly, we have been proactively implementing measures to create a corporate culture where female employees can develop and display more abilities. In the year ended March 31, 2009, we focused on establishing a better support system for female employees and on raising awareness within the company.

Average years of service and ages of male and female employees of Nikon Corporation (as of March 31, 2009)

	Average years of service	Average age
Men	20.6 years	44.3 years old
Women	15.4 years	38.8 years old

Voice

Becoming the first female manufacturing engineer

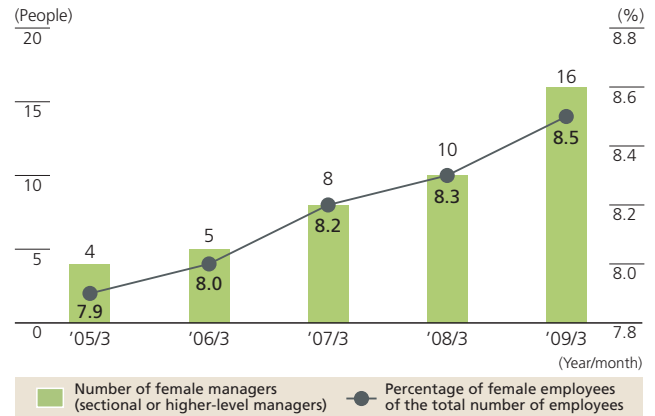
Nikon Corporation has a system in which employees are given points when they have passed a national examination on technical skills and are certified as a “manufacturing engineer” when their points exceed a predefined level. Although it was difficult for me to acquire skills outside the field in which I was engaged, I was able to widen my skills by making efforts to be certified as a manufacturing engineer. By broadening my skills, I can also widen the range of my job, and I would like to continue to improve both my technical and business skills in a balanced manner.

Sakiko Unakami

Electrical Assembly Group
Assembly Section
Production Department
Customized Products Division
Nikon Corporation



Percentage of female employees and number of female managers at Nikon Corporation (as of March 31, 2009)



Enhancing support for female employees

In the year ended March 31, 2008, we examined measures to help female employees display their abilities through an in-house project team. In April 2008, we established a more robust support system, in which the Personnel Management Department and the CSR Section of the Corporate Planning Department cooperate to implement specific measures for female employees. We also founded the Work and Family Support subcommittee to examine how to improve our childcare-related systems. This subcommittee comprises female employees who are working while bringing up their children.

We plan to establish a similar subcommittee for each line of work, which will examine the specific measures needed to provide female employees with a more comfortable working environment.

Opening the “diversity blog”

We opened a blog on diversity on the Vision and CSR Website for Nikon Group employees within Japan. In order to help female employees display more abilities in their work, we continuously dispatch information on successful examples of female employees who work for Nikon Group companies within Japan, including information on compatibility between work and childcare.

Training for female employees

Starting in 2007, we now require all Nikon Group female employees in Japan to attend self-realization training by March 31, 2013. A total of 174 female employees have already participated in the training. About 28% of female employees at Nikon Corporation have already attended. The training is intended to help female employees work with satisfaction, expressing their potential to the full. For female employees at workplaces where there are few women, the training also gives a chance to join an in-house network of female employees.

■ Employment of the disabled

Major achievement in the year ended March 31, 2009

- Established another Tsubasa workshop within the Nikon Corporation's Sagamihara Plant.

Main target for the year ending March 31, 2010

- Expand the business scope of the Tsubasa workshop established in Sagamihara in the year ended March 31, 2009.

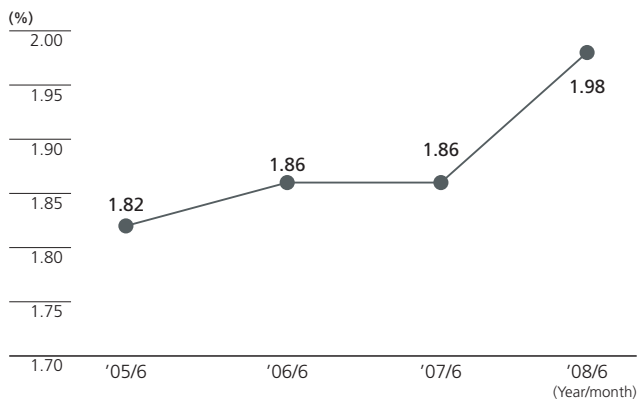
Based on the Act on Employment Promotion etc. of Persons with Disabilities, Nikon Corporation established Nikon Tsubasa Inc. as an exceptional subsidiary in 2000. The number of mentally disabled employees working for Nikon Tsubasa has risen from 10 to 28 (as of March 31, 2009) over the ten years since it was established. The company accepts some orders from outside the Nikon Group, and it has received high acclaim for its performance. Since very experienced staff and instructors are on hand to train Nikon Tsubasa employees, the workforce learns to adeptly perform such operations as parts processing, packaging, and assembly.

A meticulous support system for employees helps each of them realize their full potential in the workplace. It is one of very few factories in Japan where the mentally disabled are involved in the assembly of precision instruments, and this has attracted media attention.

Nikon Tsubasa operates within Nikon Corporation's Yokohama Plant, but in August 2008 an additional workshop was opened with two employees within the Sagamihara Plant. The tasks undertaken by Nikon Tsubasa will also expand to include the inspection of finished glass products.

Nikon Corporation, Nikon Tsubasa Inc., and other Group affiliates, which have government approval to calculate the rate as a group, have already achieved the statutory employment rate for people with disabilities, at 1.98%. We will continue to make vigorous efforts to create new work opportunities for the disabled.

Employment rates of people with disabilities



Note: The employment rates are based on the annual report on the employment of people with disabilities, which is published on June 1 every year.

■ Continuing employment system for retirees

Major achievement in the year ended March 31, 2009

- Reemployment rate of Nikon Corporation's retirees = 61% (49% in the previous fiscal year)

At Nikon Corporation, all employees who will be reaching retirement age in the following year can attend the Life Plan Seminars organized by the company to help them prepare for retirement. In the year ended March 31, 2009, the company held these seminars eight times a year. From the fifth seminar, employees were allowed to participate with their spouses, and 12 couples attended the fifth one. For these seminars, lecturers are invited to come and talk on the specifics of the state pension system, living expenses, taxes, etc. for retirees. Participants can also learn about the company's reemployment system. In addition, to operate as a company in which the elderly can continue working insofar as they can and will, Nikon Corporation has been running an Active Senior Employee System since April 2006. Under this system, employees reaching the retirement age (60) are given the opportunity to be reemployed if they satisfy certain conditions. Nikon Staff Service Corporation, a subsidiary established in 2004, has been offering similar opportunities to retirees since before the Active Senior Employee System was available. In the year ended March 31, 2009, 60% of those reaching the retirement age were reemployed by Nikon Group companies. By comprehensively facilitating such measures, domestic Nikon Group companies will benefit by retaining the valuable skills of veteran employees.

Through these measures, we will continue to help employees enjoy their lives after retirement.

Voice

Giving support to help each employee develop their potential

Our company's name "Tsubasa" (wings) implies that both the company and its employees want to have the "wings" to become independent in society, like a bird flying freely in the sky. I believe it is important to establish a system in which employees can cultivate reliable relationships and really enjoy working under the slogan, "developing human resources through manufacturing." I would like to support each employee in continuously developing their potential.



Isao Ando

Manager of the Production Department
Nikon Tsubasa Inc.

Relationship with Employees

Safety & Health

Major achievement in the year ended March 31, 2009

- Work time lost to accidents in Nikon Group companies within Japan: 15 cases (291 days), cases of death due to labor accidents: zero

To ensure the safety and health of all employees, Nikon Corporation has established a Safety and Health Committee. Each Nikon Group company has a statutory safety and health committee, but the Safety and Health Committee is different from other committees: this committee investigates and deliberates on matters related to Nikon Corporation's safety and health policies and on the basic measures taken to maintain and promote employees' health. The Safety and Health Committee is composed of representatives of both labor and management to ensure that the opinions of employees are proactively incorporated into the measures implemented by the company.

Based on the targets and policies set by each business site, a set of Workplace Safety and Health Targets has been formulated to promote activities with the participation of the entire staff at each workplace. Moreover, based on the Safety and Health Management Rules specifying the responsibilities of the local managers, Nikon Corporation makes every effort to fulfill its obligation as a business organization and to comply with all relevant laws and regulations without exception.

All business sites of Nikon Corporation are striving to eliminate risk factors and improve safety for employees through risk assessments. Also, in order to improve health and safety management levels across the entire Nikon Group, employees in charge of health and safety at Group companies are provided with practical training, and a network of these employees has been established.

Column

Commendation for Health and Safety by the Minister of Health, Labour and Welfare

Shigeru Itabashi, who works as a foreman at the Third Engineering Section of Sendai Nikon's Products Engineering Department, received a commendation from the Minister of Health, Labour and Welfare in recognition of his excellent health and safety management. Including Mr. Itabashi, who was the only one chosen from Miyagi prefecture, only 40 foremen were commended for their health and safety achievements by the Minister in the fiscal year.



Award ceremony

Nikon Corporation's policies on safety and health for the year ended March 31, 2009

Goal: A safe, healthy, vibrant corporation

Policy 1: Giving consideration to safety—from zero accidents to zero risk

Policy 2: Conducting more activities to promote health

Policy 3: Promoting comfortable workplaces

Health Care

Nikon Corporation's major activities in the year ended March 31, 2009

- Introduced a system to control overtime work.
- Conducted mental health training for new managers.
- Provided new employees with an opportunity to experience the counseling service and educated 35-year-old employees on mental health.

■ Health management support

For the prevention of lifestyle-related diseases, Nikon encourages employees to establish healthy dietary and exercise routines. The key is to take responsibility for one's own health. Nikon is working to further enhance in-house support systems for employee health management, coordinating with the company's health insurance union, which supervises the health checkups and guidance stipulated by the Law on Securing Healthcare for the Aged, enacted in April 2008.

■ Health care and working hours

In recent years, the negative impact that excessive work can have on people's health has become an issue of considerable social concern. In response, Nikon Corporation is implementing measures to prevent employees from suffering damage to their health and mental problems due to excessive work.

Specifically, we have gone beyond what is legally required, establishing physical checkups for those who are thought to be overworked, and introducing a rehabilitation support system for employees on sick leave. In addition to our focus on health management, we have implemented a Working Hours Campaign since April 2006 to bolster management capabilities and convey the message that each individual needs to rethink their working style.

In the year ended March 31, 2009, we invited psychiatrists to give lectures, and also introduced a system for the prior application and approval of working hours with the aim of raising employees' awareness of controlling their working hours and improving it. Under the system, we ensure that prior application is made and approval given where necessary for overtime, night, and holiday work.

■ Rehabilitation support system for employees on sick leave

In June 2006, Nikon Corporation introduced a rehabilitation support system for employees on sick leave. This system is aimed at the rehabilitation of ailing employees to facilitate their return to work. Employees returning from sick leave may apply to work for either shortened hours or a reduced number of working days per week, provided that the company deems such an accommodation is necessary.

Furthermore, a rehabilitation plan is drawn up by professional staff including industrial doctors, nurses, and managers from personnel and labor departments and other relevant departments, who provide further support in the form of regular meetings with the employees.

■ Health care for staff on overseas assignments

Owing to the increasingly global nature of Nikon Corporation's business, there are increasing concerns about the health risks (infectious diseases, etc.) faced by employees overseas. In response, we have established a health management system for people assigned overseas to reduce health risks.

Support System for Work-Life Balance

Major achievements in the year ended March 31, 2009

- Awarded the Next-Generation Certification Mark (informally called "Kurumin").
- Improved the childcare and nursing care support systems.
- Implemented a trial for working at home (for three months).

Nikon Corporation has adopted systems and measures that enable employees involved in childcare or nursing care to work without increased stress or anxiety. We revised the childcare system in July 2008 to enable employees to take childcare leave for up to two years. Also, it is now possible for employees to work both flextime and for shorter hours at the same time. Employees can make use of these arrangements regardless of the situation of their spouse. Nikon Corporation thus provides employees with support that exceeds the standards required by law.

For three months from October to December 2008, we implemented a trial for working at home. We will verify the results and decide our policies on working at home.

In addition, we were awarded the Next-Generation Certification Mark (informally called "Kurumin") in May 2008, which is given to companies that introduce measures based on the Act on Advancement of Measures to Support Raising Next-Generation Children.

Labor-Management Relations

At Nikon, there is a labor union that belongs to the Japanese Association of Metal, Machinery, and Manufacturing Workers

(JAM) and a branch of the All-Japan Metal and Information Machinery Workers Union (JMIU), and members of both unions are Nikon Corporation's regular employees. The company and these organizations discuss various issues related to the working environment, hold joint study meetings, and exchange opinions as necessary. Labor-management relations are stable, and there are no issues of note. As of March 31, 2009, the labor union has 5,065 members and the union branch nine, which totals 5,074.

When a substantial change is made to an employee's job, Nikon Corporation discusses the matter with the labor union and obtains its prior approval and then takes the time needed to communicate it to the employee. In the year ended March 31, 2009, there were joint ventures with affiliates and layoffs at overseas and domestic plants.

Appropriate Management of External Manpower

The Nikon group's manpower planning and management are based on the business plans of each in-house company. Depending on the type and duration of each job, the company will, when necessary, sign agreements with agencies or subcontractors to either hire temporary staff or outsource the work.

We are committed to complying with all laws and regulations relating to the management of external manpower, coordinating closely with manpower agencies, subcontractors, and the regulatory authorities.

Voice

Childcare leave has a positive effect on both private and working life

When my child was one year and three months old, I took a month off as childcare leave. During that month, my relationship with my child gradually changed. At first, my child did not seem to know who I was, but finally became very attached to me. After I returned to work, I began to work more efficiently than before to reduce my overtime work so that I could go home early. By this new experience in my private life, I have recognized that there are many different values in the world, which makes it easier for me to listen to different opinions at work.

Taro Sugihara

Product Marketing Section
Marketing Department
Precision Equipment Company
Nikon Corporation



Relationship with Business Partners

The Nikon Group is committed to conducting sound business activities in cooperation with its business partners. In particular, we are promoting CSR-oriented procurement and green procurement with our procurement partners.

Cooperation with Procurement Partners

■ Fostering CSR-oriented procurement in the supply chain

The Nikon Group strives to ensure that its procurement partners understand its approach to CSR, including its priority policies and CSR concepts such as the corporate philosophy of "Trustworthiness & Creativity." Following the formulation of the Nikon CSR Charter, we revised the Nikon Basic Procurement Policy in December 2007. Based on this policy, we have been procuring materials from suppliers in a sincere and fair manner.

The Nikon Group is also actively promoting CSR-oriented procurement across the supply chain, in order to contribute to building a better society and global environment and to continue to retain the trust of society. For the promotion of CSR activities with procurement partners, we also established the Nikon Procurement Partners' CSR Guidelines on December 1, 2007.

▶ Nikon Green Procurement Standards:

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

▶ Nikon Procurement Partners' CSR Guidelines:

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

■ CSR Guidelines briefing for procurement partners

In the year ended March 31, 2009, based on the recognition that there is a strong requirement for companies to implement CSR measures across their supply chains, we held a total of 13 meetings on the Nikon Procurement Partners' CSR Guidelines with domestic procurement partners, and a total of 1,180 people participated. We plan to hold similar meetings with the Nikon Group's overseas procurement partners as well. In cooperation with our procurement partners, we will proactively foster CSR-oriented procurement across the supply chain.



CSR Guidelines briefing session for procurement partners

■ Conducting a survey targeting procurement partners

At the briefing sessions held for our procurement partners in the year ended March 31, 2009, we distributed a questionnaire on CSR, in which we asked partner companies to carry out a self-evaluation of their CSR activities. We received replies from 686 companies (response rate: 59.8%) and fed back the results to each of the companies. According to the results, more than a few companies think that they are not making enough public announcements on their progress in CSR activities and that they are not committed enough to raising the awareness of their own business partners for their activities for "sound corporate activities" and for "quality, safety, and business continuity."

Based on the results, the Nikon Group believes it is important to further foster CSR-oriented procurement in its supply chain. We plan to distribute this questionnaire on a regular basis.

Voice

Promoting CSR-oriented procurement through relationships of trust

I believe it is important for us to help those responsible for procurement in Nikon Corporation's business sectors and at other Group companies deepen their understanding of CSR-oriented procurement, in addition to allowing our procurement partners to understand the Nikon Group's CSR policies and ideas. To this end, I try as much as possible to explain them through face-to-face discussions. We will continue to foster CSR-oriented procurement, while building relationships of trust with our procurement partners and Nikon Group employees responsible for procurement.

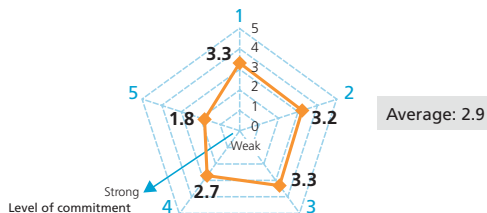
Masaharu Ohtsuka

Manager, Procurement Planning Section
Procurement & Facilities Management
Department
Business Administration Center
Nikon Corporation



Reference: CSR questionnaire for Nikon domestic procurement partners

Results of the questionnaire on CSR targeting procurement partners (general results and average responses)



<Questions>

- Do you clearly state in your management policies that you attribute importance to corporate social responsibility (CSR)?
 - Yes, we do.
 - Yes, but not clearly enough.
 - No, we do not state it clearly/do not state it at all.
- Do you have a code of conduct on CSR for the entire company?
 - Yes, we do.
 - We have a code of conduct that refers to CSR, although it does not cover all aspects of CSR.
 - No, we do not have a code of conduct that refers to CSR/do not have any code of conduct.
- If your answer to Question 2 is "Yes, we do" or "We have a code of conduct that refers to CSR, although it does not cover all aspects of CSR," which of the following items is (are) covered by the code of conduct? (Multiple answers allowed)
 - Fair trade and ethics
 - Quality, safety, and business continuity
 - Human rights and labor
 - Safety and health
 - Consideration for the environment
 - Social contribution
 - Information security
- Do you have a department and personnel responsible for promoting CSR across the entire company?
 - Yes, we do.
 - We have, but their responsibilities are not very clearly defined.
 - No.
- As a company, are you publicly announcing progress in your CSR activities?
 - Yes, broadly speaking.
 - We are now planning to do so.
 - No, we are not doing so, and do not plan to do so.

■ Educating Nikon Group employees on CSR-oriented procurements

In the year ended March 31, 2009, we held Nikon Procurement CSR Guidelines briefing sessions for major manufacturing subsidiaries in the Nikon Group.

In addition, we arranged a group-wide CSR Procurement Conference in Japan. We are clarifying the educational roles of members of this conference, while providing Nikon Group employees with regular education to help deepen their understanding of CSR-oriented procurement. Furthermore, we are regularly holding e-learning sessions to enable procurement staff in all departments to gain a deeper understanding.

■ Promoting green procurement

The Nikon Group is procuring materials and parts based on the Nikon Basic Procurement Policy and the Nikon Basic Green Procurement Policy, in consideration of the impact that the use of these materials and parts in its products will have on the environment throughout the product lifecycle, from use to disposal. We also prefer suppliers in business that are actively conducting environmental measures in their manufacturing processes, which is a part of CSR-oriented procurement. In October 2005, we formulated the Nikon Green Procurement Standards, which show our basic approach to green procurement, requests on all procurement partners, and how we are implementing the standards and relevant measures.

In the year ended March 31, 2009, in order to enhance the management of substances of environmental concern contained in procured items, we substantially reviewed the details of surveys and audits we conduct to check on our procurement partners' progress in establishing environmental management systems. Accordingly, we revised the Nikon Green Procurement Standards and held nine briefing sessions to explain the revised rules to our procurement partners. A total of 650 people participated in the briefings. We will conduct surveys and audits in line with the revised standards. At the sessions, we gave more detailed explanations on the management of substances of environmental concern contained in the products. In addition, we clarified our measures against perfluorooctane sulphonates (PFOS) and conducted a survey on substances of very high concern (SVHC) defined by the REACH regulation.

We will continue to make substantial progress in our efforts to reduce our impact on the global environment by ensuring compliance with the REACH regulation and other new rules for substances of environmental concern, in addition to regulations implemented in different countries, in cooperation with our procurement partners.

▶ Nikon Basic Green Procurement Policy and Nikon Green Procurement Standards:

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



Nikon Green Procurement Standards

Relationship with Local Communities

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

Overseas Support Activities

■ Nikon Chulalongkorn Scholarship

Nikon Corporation has two scholarship programs for young people in Thailand.

One is the Nikon Shanti Scholarship, which is designed to support students attending junior and senior high school and university. In the year ended March 31, 2009, we gave support to 150 junior and senior high school students and to 19 university students through this program.

The other is the Nikon Chulalongkorn Scholarship, through which we give financial support for one or two students to study at a graduate school in Japan. These students are selected from among students and graduates of local Chulalongkorn University. In the year ended March 31, 2009, we selected two students as the first scholarship recipients under the program. They are Kulrumpa Warasri and Nirin Suarod, who began studying for two years in the Department of Language and Culture at Osaka University's Graduate School of Language and Culture and at the Graduate School of Engineering, The University of Tokyo, in April 2009. Ms. Kulrumpa wants to work as a Japanese teacher in Thailand in the future. She said that she chose to study in the department because it would be useful for her to understand Japanese ways of thinking and culture, which provide the basis for the Japanese language.

We expect that these scholarship students will contribute to even better relations between Thailand and Japan in the near future.



Ms. Kulrumpa (in the center) with President Kariya of Nikon Corporation (second from left), Executive Vice President Terato (second from right), and Managing Director Kawai (at end on right)—at the head office of Nikon Corporation

Support for Global Environmental Protection

■ Supporting the AKAYA Project

Since 2005, the Nikon Corporation has been supporting the AKAYA Project by providing equipment and materials to the Nature Conservation Society of Japan (NACS-J). This project is the first biodiversity conservation project to be implemented through cooperation between the government, local residents, and a nature conservation organization in Japan. In the year ended March 31, 2009, a new activity was started under the project, which will record ecosystems of plants and animals in the AKAYA Forest by taking pictures of them throughout the year. The photos are taken mainly by volunteers supporting the project. Nikon Corporation supplied the equipment necessary for this activity and held a photo seminar to help volunteers improve their photographic skills.



AKAYA Forest (In Minakami Town, Gunma Prefecture)

Voice

Learning a lot from a volunteer activity

For two years from January 2007, I took long-term leave from the company to help build IT networks in Bhutan as a member of the Japan Overseas Cooperation Volunteers, with the aim of eventually becoming an "incomparable systems engineer." In the kingdom, in addition to engaging in network building, I also served as an instructor at IT seminars and in education on development methods and building web systems. I feel that I was able to contribute to educating new employees in the country. Through this volunteer activity, I improved my language and business skills and became more flexible both in terms of cultural exchange and ways of thinking. I can now take a broader view. The two-year experience was thus very meaningful for me.



Dai Fujimaki

Fourth Development Department
Third System Division
Nikon Systems Inc.

■ Cooperating with the United Nations in anti-global warming campaigns

Nikon Corporation sponsors the annual International Children's Painting Competition on the Environment jointly with the United Nations Environment Programme (UNEP), the Foundation for Global Peace and Environment, and Bayer AG.

In the year ended March 31, 2009, we also began supporting Paint for the Planet, held by UNEP. In this activity, we displayed pictures that had won prizes in the aforementioned painting competition at venues of the world's major environmental conferences and events, to communicate anti-global warming messages from children. This campaign is held as part of the global United Nations campaign "Unite to Combat Climate Change," which was started in the run-up to COP 15, which is to be held in Copenhagen in December 2009 to decide on post-Kyoto Protocol reduction targets and the institutional framework.

At the Paint for the Planet exhibition held at the United Nations Headquarters in New York on October 24, 2008, which falls on one of the United Nations International Days, an auction of prize-winning works was also held and the amount collected exceeded 20,000 dollars. This money will be used by UNICEF to help children suffering from damage caused by climate change.



Children donating their pictures to the auction (Second from right on the back row: Achim Steiner, Executive Director of the UNEP)

Contributing to Photographic Culture

■ Nikon Salon Photo Galleries

Nikon Corporation opened a photo gallery named "Nikon Salon" in Ginza in 1968 to display outstanding photographic works by both amateurs and professionals in a wide range of fields. Since then, we have long contributed to the popularization and advancement of photographic culture through the Nikon Salon. At present, we have Nikon Salon galleries in Ginza, Shinjuku, and Osaka. In May 2008, the one in Osaka

was relocated and reopened. In the year ended March 2009, we held a total of 171 photo exhibitions (126 by individuals and 45 by groups). Compared with the previous fiscal year, the number of visitors to the galleries greatly increased due to the increase in the number of exhibitions held and also to the relocation of the gallery in Osaka.



Relocated Nikon Salon gallery in Osaka

■ Nikon Field Photographer Program

Nikon Corporation is an official supporter of the Asian Football Confederation (AFC). At the games held by the AFC, we run the Nikon Field Photographer Program to offer local families a chance to enjoy football through photography. Specifically, a total of six people comprising three sets of parents and children are invited to a game and given the opportunity to photograph the players exercising on the pitch before the game starts, using Nikon D60 digital SLR cameras.

In 2008, we ran this program at a total of 17 games held in eight Asian countries (specifically, at the AFC Champions League 2008 games and 2010 FIFA World Cup Asian qualifiers hosted by the AFC).



Adelaide United vs. Kashima Antlers (AFC Champions League 2008 quarterfinal)

Relationship with Local Communities

Communicating with Local Communities

■ Accepting teachers as trainees

For three days from July 28 to 30, 2008, Nikon Corporation accepted some teachers as trainees at the company in cooperation with Nikon Imaging Japan and Nikon TEC. This training program is implemented by the Keizai Koho Center to give teachers the opportunity to learn about corporate ideas and activities and utilize what they have learned in educating children and school management. Nikon Corporation participated in the program for the first time and accepted a total of five teachers (two elementary school teachers and three junior high school teachers from the board of education of Kokubunji City) as trainees.

We provided the teachers with training that would be useful in their school activities, including a practical lesson on how to take pictures skillfully with a digital camera and a lecture on emergency measures in the event of a large-scale earthquake. Participating teachers commented, "I was able to think and act proactively in most of the training, which was great," and "I would like to use what I have learned through the training to help children develop into next-generation leaders, with self-confidence and pride in Japanese technologies."

Through these opportunities, we will continue to have close relations with local communities, while contributing to them through our technologies and know-how.



Lesson on taking pictures with a digital camera

■ Participating in local events (by Nikon Corporation's plants)

Nikon Corporation's Ohi Plant participated in a series of events held by Shinagawa Ward, Tokyo for environmental conservation and local activation. At the Shinagawa ECO Festival 2008 held in May 2008, the plant held a class where participants observed flowers and insects using Nikon equipment and made kaleidoscopes and magnifying glasses by hand. The plant also held a seminar to build simple microscopes at "Eco Earth Day," provided a digital camera photo service for the city's Community Building Project Exhibition 2008, and sup-

ported the competition of photographs taken in Shinagawa Chuo Park. In addition, the plant provided local elementary and junior high school students with opportunities to visit its site and learn about its products as part of their social studies classes, while helping local companies improve their technologies. The plant participated in local cleanup and crime prevention activities to further foster communication with local communities.

Nikon Corporation's Yokohama, Kumagaya, Mito, and Sagami-hara Plants are also fostering communication with local communities through localized measures.



Cleanup activities in front of the nearest JR Nishi-ohi Station

■ Providing plant tours and opportunities to learn through experience (Sendai Nikon)

Sendai Nikon cooperates with local elementary and junior high schools and special schools for the disabled to develop next-generation leaders. Specifically, it actively provides plant tours and opportunities to learn through experience to students at these schools. In the year ended March 31, 2009, a total of 238 elementary school pupils participated in three tours of the plant, and five groups of junior high school students (totaling 15 students) gained experience working at the plant for three days to learn about corporate activities.



Junior high school students doing packaging work

Participating students highly appreciated the experience and the company plans to continue giving this kind of educational support in cooperation with local communities.

■ **Support for a hospice (Nikon U.K. Ltd.)**

At Nikon U.K. Ltd., a lot of employees are participating in social contribution activities. Every January, a group representing all employees proposes several contribution activities and employees decide which one to actually conduct in the year. For the activity to be conducted for two years from April 1, 2008 to March 31, 2010, employees decided to give support to the Princess Alice Hospice, which provides terminally ill patients with cancer and other diseases with professional palliative care.

Employees proposed new ideas for collecting money for the hospice and industriously conducted activities, including the following:

- Supported the organization of charity events, such as hiking and a boat race.
- Sold donated goods.
- Sold photos taken by employees.
- Sold goods and Christmas cards created by the hospice.
- Sold Nikon products that were no longer manufactured, unwanted IT equipment and furniture to employees.
- Collected donations at the driving contest held during The Open Championship, which the company sponsored.
- Installed donation boxes at the company's reception and in the canteen.

Through these measures, employees collected about 13,000 pounds (1.8 million yen). The company will continue this activity with the participation of a lot of employees in the year ending March 31, 2010.



Dragon boat race conducted as a charity event



Employees participating in the dragon boat race

■ **Great Strides national charity walk event (Nikon Inc., Nikon Instruments Inc., and Nikon Americas Inc. in the United States)**

Nikon Inc., Nikon Instruments Inc., and Nikon Americas Inc. have been supporting the Cystic Fibrosis Foundation (CFF) since two years ago. Cystic fibrosis is a hereditary disease that causes serious chronic respiratory and digestive problems. In the United States, about 30,000 children and adults suffer from this disease (and there are about 70,000 cases worldwide). The three companies not only support the Foundation but also participate in awareness-raising activities for the condition. In 2008, the companies supported the Great Strides national charity walk event held by the Foundation. Through this event, a total of 37 million dollars (about 3.7 billion yen) were donated, including the 20,000 dollars (about two million yen) collected through the participation of large numbers of employees of the three companies in the event. The donated money will be used to support people with cystic fibrosis and to conduct further research into the disease.



Employees participating in the Great Strides national charity walk event

Environmental Data

Acquisition of ISO 14001 certification [Nikon Corporation]

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

Acquisition of ISO 14001 certification [Group companies]

	Company-wide certification	Independent certification	Location
Sendai Nikon (Sendai Nikon Precision)	(Apr. 2006)	Mar. 1997	Miyagi
Zao Nikon	(Apr. 2006)	Mar. 1999	Miyagi
Tochigi Nikon (Tochigi Nikon Precision)	(Sept. 2006)	Sept. 1999	Tochigi
Kurobane Nikon	(Sept. 2006)	Dec. 1999	Tochigi
Mito Nikon Precision (formerly Mito Nikon)	(Sept. 2006)	Dec. 1999	Ibaraki
Nasu Nikon	—	Dec. 1999	Tochigi
Aichi Nikon	—	Dec. 1999	Aichi
Hikari Glass	(Nov. 2007)	Mar. 2004 (Akita Plant)	Chiba
Nikon Instech	(Nov. 2007)	Mar. 2004	Tokyo
Nikon TEC	(Feb. 2009)	—	Tokyo
TNI Industry Nagai Factory (formerly Setagaya Industry)	(Nov. 2007)	Nov. 2004	Yamagata
Nikon Vision	(Nov. 2007)	—	Tokyo
Nikon Imaging (China) Co., Ltd.	(Nov. 2007)	Jun. 2005	China
Nikon (Thailand) Co., Ltd.	(Nov. 2007)	Nov. 2006	Thailand
Hikari Glass (Changzhou) Optics Co., Ltd.	(Feb. 2009)	—	China

Environmental Accounting

Cost of environmental protection

Unit: millions of yen

	Category	Main activities	Investment	Expenses	Total
Product environment	Product development, energy efficiency, and reduction in use of hazardous chemical substances	Energy-saving design, compliance with REACH Regulations, etc.	—	162	162
	Green procurement	Nikon Green Procurement Standards, etc.	—	16	16
	Packaging & distribution	Eco-friendly driving lessons, use of digital tachometer, etc.	—	2	2
	Product environment subtotal		—	181	181
Workplace environment	Energy saving	Upgrading air-conditioning systems, installation of inverter-equipped equipment, etc.	346	137	483
	Waste reduction	Maintaining zero-emission systems, mass-volume waste reduction, etc.	0	66	66
	Reduction in use of hazardous chemical substances	Disposal and management of unnecessary chemical substances, etc.	—	7	7
	Green purchasing	Promoting purchase of eco-friendly materials, etc.	—	0	0
	Improvements to workplace	Improvement in workplace environmental performance, etc.	—	34	34
	Workplace environment subtotal		346	243	589
	Legal compliance	Management of equipment for processing gaseous emissions and effluents, maintenance of noise/vibration-emitting facilities, waste management, recycling fee management, control of dangerous substances, etc.	832	819	1,651
	Administration	ISO 14001 (administering Environmental Management System (EMS), workplace education), social contribution activities, planting trees, etc.	—	561	561
	Grand total		1,178	1,804	2,982

Cost of environmental protection classified according to guidelines of the Japanese Ministry of the Environment

Unit: millions of yen

	Category	Main activities	Investment	Expenses	Total	Economic effect
	Costs within business establishment area		1,178	1,042	2,220	228
	Pollution prevention costs	Management of equipment for processing gaseous emissions and effluents, maintenance of noise/vibration-emitting facilities, etc.	492	414	906	—
	Global environment protection costs	Energy conservation, reduction in use of hazardous chemical substances, control of dangerous substances, etc.	686	239	924	153
	Resource recycling costs	Waste reduction, waste management, recycling fee management, maintenance of zero-emission systems, etc.	0	389	390	75
	Upstream/downstream costs	Application of Nikon Green Procurement Standards, hazardous chemical substance surveys, use of digital tachometer, recycling fee management, etc.	—	19	19	—
	Administration costs	ISO 14001 (administering Environmental Management System (EMS), workplace education), etc.	—	519	519	—
	R&D costs	Creating energy-efficient designs, REACH Regulation compliance, etc.	—	169	169	—
	Social activity costs	Social contribution activities, sponsorship activities, public relations, etc.	—	52	52	—
	Environmental damage costs	Soil treatment costs, pollution load levy, etc.	—	2	2	—
	Grand total		1,178	1,804	2,982	228

Scope of Data: Nikon Corporation, Tochigi Nikon, Tochigi Nikon Precision, Mito Nikon Precision, Sendai Nikon, Sendai Nikon Precision, Zao Nikon, Kurobane Nikon, Hikari Glass, TNI Industry Nagai Factory, etc.

Applicable Period: April 1, 2008 to March 31, 2009

Notes: Costs which could not be clarified are in principle not included in these accounts.

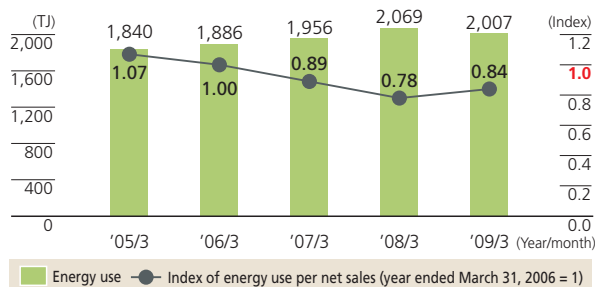
Depreciation and amortization have not been factored into these accounts.

Where a facility has been utilized for several purposes and breakdown is considered complex, the entire cost has been included in the investment cost.

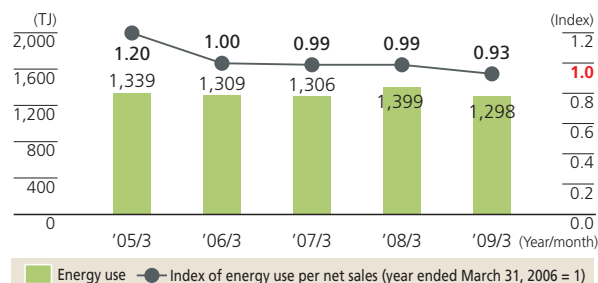
All costs have been rounded up or down to the nearest whole number, so it is possible that totals are not identical to the sum of the constituents as listed.

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

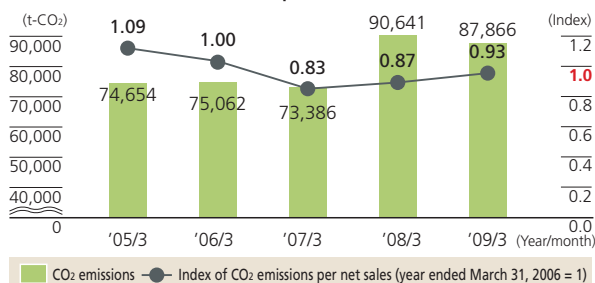
Energy use [Nikon Corporation]



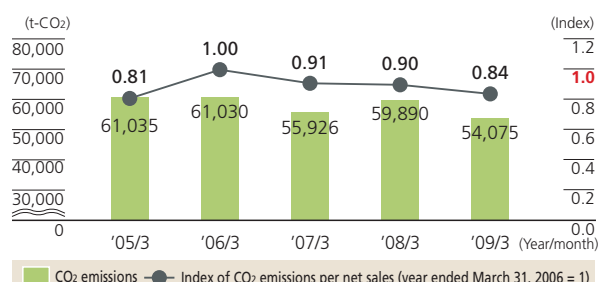
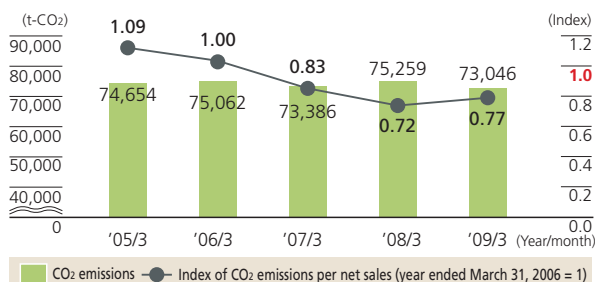
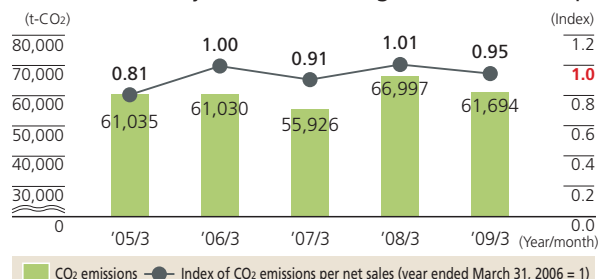
Energy use [Major manufacturing subsidiaries in Japan]



CO2 emissions [Nikon Corporation]



CO2 emissions [Major manufacturing subsidiaries in Japan]



† Top graph: CO2 emissions for the year ended March 2009 were calculated using the emission index for the year ended March 2008.

Bottom graph: To correspond with the Environmental Action Plan, CO2 emissions for the year ended March 2008 and March 2009 were calculated using the emission index for the year ended March 2007.

† Top graph: CO2 emissions for the year ended March 2009 were calculated using the emission index for the year ended March 2008.

Bottom graph: To correspond with the Environmental Action Plan, CO2 emissions for the year ended March 2008 and March 2009 were calculated using the emission index for the year ended March 2007.

PRTR survey results (year ended March 31, 2009)

Unit: kg

Facility	Substance no.	Substance name	Volume handled	Amount released			Amount transferred		Amount in on-site landfill	Amount removed for processing	Amount shipped in product	
				Air	Public water	Soil	Sewage	Waste				
Nikon Corporation Sagamihara Plant	304	Boron and its compounds	1,356	2	0	0	0	554	0	0	800	
Major manufacturing subsidiaries in Japan	Tochigi Nikon, Tochigi Nikon Precision	144	Dichloropentafluoropropane	1,946	1,829	0	0	0	0	0	117	
	Mito Nikon Precision	232	Nickel compounds	617	0	0	0	112	0	0	505	
	Sendai Nikon, Sendai Nikon Precision	63	Xylene	2,431	972	0	0	0	1,459	0	0	0
		69	Hexavalent-chromium compounds	506	0	0	0	0	304	0	0	202
		227	Toluene	3,803	2,282	0	0	0	1,521	0	0	0
	Hikari Glass Akita Plant	243	Barium and its water-soluble compounds	43,079	30	1	0	0	22,412	0	0	20,636
		283	Hydrogen fluoride and its water-soluble salts	30,727	6	1	0	0	16,403	0	0	14,317
304		Boron and its compounds	17,526	24	1	0	0	9,149	0	0	8,352	
TNI Industry Nagai Factory	144	Dichloropentafluoropropane	1,600	1,500	0	0	0	100	0	0	0	
	227	Toluene	1,815	1,578	0	0	0	237	0	0	0	
Total			105,406	8,223	3	0	0	52,251	0	0	44,929	

Notes: Nikon Corporation: No PRTR substances at Ohi, Yokohama, Kumagaya and Mito Plants.

Major manufacturing subsidiaries in Japan: No PRTR substances at Zao Nikon and Kurobane Nikon.

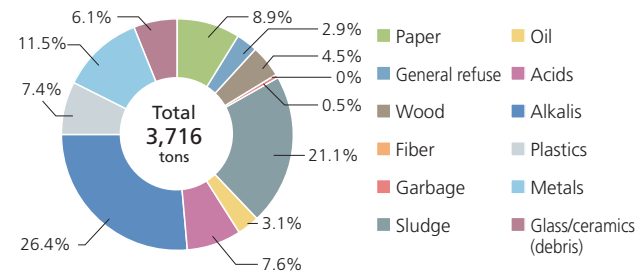
The above table includes data only for hazardous chemical substances of which one ton or more (0.5 tons or more for Class 1 designated chemical substances) is handled at the facility in a given year.

Achievement of Zero-Emission Level 1 of Nikon Group

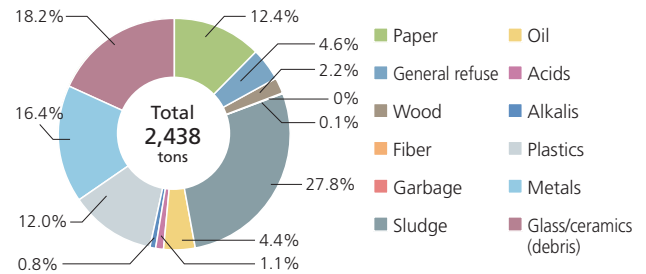
Plant	System complete (year-end)	
Nikon Corporation	Ohi Plant	March 31, 2003
	Yokohama Plant	March 31, 2003
	Sagamihara Plant	March 31, 2003
	Kumagaya Plant	March 31, 2003
	Mito Plant	March 31, 2003

Company	System complete (year-end)	
Major manufacturing subsidiaries in Japan	Sendai Nikon, Sendai Nikon Precision	March 31, 2002
	Tochigi Nikon, Tochigi Nikon Precision	March 31, 2004
	Kurobane Nikon	March 31, 2004
	Mito Nikon Precision	March 31, 2005
	Zao Nikon	March 31, 2005
Group manufacturing companies	Nasu Nikon	March 31, 2006
	Aichi Nikon	March 31, 2007

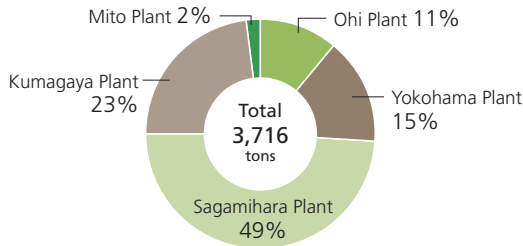
Waste by category (in the year ended March 31, 2009) [Nikon Corporation]



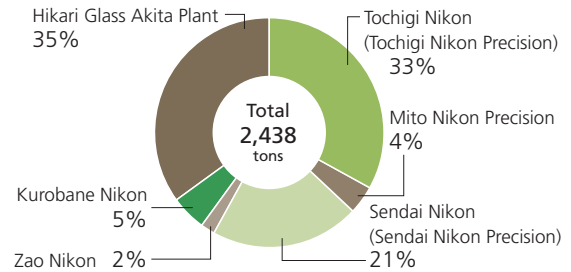
Waste by category (in the year ended March 31, 2009) [Major manufacturing subsidiaries in Japan]



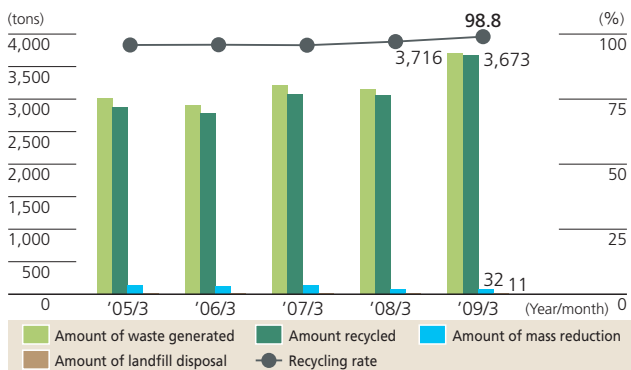
Waste by plant (in the year ended March 31, 2009) [Nikon Corporation]



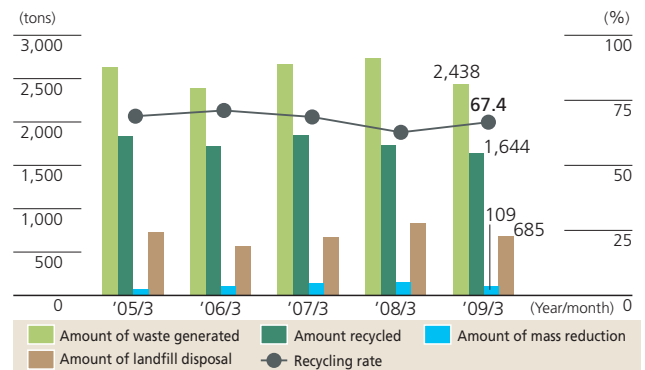
Waste by facility (in the year ended March 31, 2009) [Major manufacturing subsidiaries in Japan]



Discharge, disposal, and recycling of waste [Nikon Corporation]



Discharge, disposal, and recycling of waste [Major manufacturing subsidiaries in Japan]



Air & Water Quality Environmental Data for Each Plant (Year ended March 31, 2009)

Nikon Corporation Ohi Plant

Address: 6-3, Nishi-Ohi 1-chome,
Shinagawa-ku, Tokyo
140-8601, Japan
Phone: +81-3-3773-1307



Nikon Corporation Yokohama Plant

Address: 471 Nagaodai-cho,
Sakae-ku, Yokohama,
Kanagawa 244-8533,
Japan
Phone: +81-45-852-2111



Air (Air Pollution Control Law, Metropolitan regulations)

Units: Dust: g/Nm³; NOx: ppm

Item	Regulatory standard	Plant standard	Actual (max.)
Cooling & heating equipment	Dust	0.05	<0.001
		0.05	<0.001
		0.05	<0.001
	NOx	45	26
		45	26
	45	23	

Air (Air Pollution Control Law, Prefectural regulations)

Unit: NOx: ppm

Item	Regulatory standard	Plant standard	Actual (max.)
Boiler	NOx	65	29
		65	44
		65	44
		46	30
		46	37
		46	30

Water quality (Sewerage Law, Metropolitan regulations)

Unit: mg/liter, except for pH

Item	Regulatory standard	Plant standard	Actual (max.)
Living environment	pH	5.8–8.6	6.5–8.0
	BOD	300	72.4
	SS	300	64
	n-Hexane (animal & vegetable)	30	8
	Iodine demand	220	2.9
	Copper	3	<0.01
	Zinc	2	0.01
	Soluble iron	10	0.12
	Total chromium	2	0.05
	Fluorine	15	1.32
	Boron	230	<0.1
	Nitrogen	120	9.8
	Phosphorous	16	4.3
Health	Lead	0.1	0.01

Water quality (Sewerage Law, City regulations)

Unit: mg/liter, except for pH

Item	Regulatory standard	Plant standard	Actual (max.)
Living environment	pH	5.0–9.0	6.2–7.5
	BOD	600	2.8
	SS	600	47
	n-Hexane (mineral)	5	3
	Iodine demand	220	0
	Total chromium	2	0.01
	Copper	1	0
	Zinc	1	0.03
	Soluble iron	3	0.08
	Soluble manganese	1	0
	Fluorine	8	1.03
	Boron	10	0.3
	Nitrogen	240	18.9
Health	Phosphorous	32	3.3
	Nickel	1	0.03
	Lead	0.1	0.01
	Hexavalent-chromium	0.5	0
	Arsenic	0.1	0
	Trichloroethylene	0.3	0
Health	Tetrachloroethylene	0.1	0
	Dichloromethane	0.2	0

Glossary

- **SOx:** Sulfur oxides
- **NOx:** Nitrogen oxides
- **ppm:** Parts per million
- **pH:** Hydrogen ion concentration. Indicates the acidity or alkalinity of a substance, where a solution of pH 0 to 7 is acid, pH of 7 is neutral, and pH over 7 is alkaline. A change of one pH number indicates a 10-fold change in the concentration of hydrogen ions.
- **BOD:** Biochemical oxygen demand. The amount of oxygen required for microorganisms to oxidize and consume organic pollutants in water. Used to gauge the degree of pollution of rivers.

- **SS:** Abbreviation of suspended solids present in water, including small particles, zooplanktons and phytoplanktons, dead organisms and organism particles, excrement and other organic matters, sand, silt and other inorganic particles, and various kinds of artificial pollutants.
- **n-Hexane (mineral or animal/vegetable):** Normal hexane mass. Used to measure the total content of oils and hydrocarbons in waste water, it indicates the amount of materials extracted using normal hexane that do not volatilize at about 100°C. Covers animal and vegetable oils, fatty acids, petroleum-based hydrocarbons, wax, and grease.
- **Iodine demand:** The amount of iodine used by the reducing substances (sulfides, etc.) in waste water during iodine oxidation. It is an index of the presence of the reducing substances in waste water.

**Nikon Corporation
Sagamihara Plant**

Address: 10-1, Asamizodai
1-chome, Sagamihara,
Kanagawa 228-0828,
Japan
Phone: +81-42-740-6300



**Nikon Corporation
Kumagaya Plant**

Address: 201-9 Miizugahara,
Kumagaya, Saitama
360-8559, Japan
Phone: +81-48-533-2111



Air (Air Pollution Control Law, Prefectural regulations)

Units: Dust: g/Nm³; NOx: ppm; fluorine and lead: mg/Nm³; hydrogen chloride: ppm

Item	Regulatory standard	Plant standard	Actual (max.)	
Boiler	Dust	0.1	0.0035	
		0.1	0.0036	
		0.1	0.0035	
		0.1	0.0020	
		0.1	0.0022	
		0.1	0.0068	
	NOx	60	52	
		60	55	
		60	49	
		105	8	
		105	4	
		60	16	
	Absorption chiller	Dust	0.1	<0.001
			0.1	<0.001
NOx		60	26	
		60	23	
Fusion furnace*	Dust	0.15	<0.005	
	NOx	800	<5	
	Fluorine	2.5	<0.25	
	Lead	10	<0.03	
Scrubber	Hydrogen chloride	5	1.8	
		5	2.1	

*Optical glass smelting furnace (classified as a fusion furnace under the Air Pollution Control Law).

Water quality (Sewerage Law, City regulations)

Unit: mg/liter, except for pH

Item	Regulatory standard	Plant standard	Actual (max.)
Living environment	pH	5.8-8.6	6.5-7.6
	BOD	300	10
	SS	300	12
	Zinc	2	0.04
	Fluorine	8	2.2
	Boron	10	1.32
	Ammonia and nitrate nitrogen	100	16.3
	Health	Lead	0.1
Arsenic		0.1	<0.01

Air (Air Pollution Control Law, Prefectural regulations)

Units: Dust: g/Nm³; NOx: ppm

Item	Regulatory standard	Plant standard	Actual (max.)	Item	Regulatory standard	Plant standard	Actual (max.)
Boiler	Dust	0.1	0.05	*	NOx	150	29
		0.1	0.05			150	24
		0.1	0.05			150	22
		0.1	0.05			150	63
		0.1	0.05			150	26
		0.1	0.05			150	28
		0.1	0.05			150	27
		0.1	0.05			150	61
		0.1	0.05			150	54
		0.1	0.05			150	60
		0.1	0.05			150	21
		0.1	0.05			150	25
		0.1	0.05			150	67
		0.1	0.05			150	64
		0.1	0.05			150	64
		0.1	0.05			150	23
		0.1	0.05			150	25
		0.1	0.05			150	22
		0.1	0.05			150	64
	0.1	0.05	150	61			
0.1	0.05	150	29				
0.1	0.05	150	29				
0.1	0.05	150	32				

*In accordance with the Air Pollution Control Law, which stipulates that dust emitted from gas-fired boilers be measured once or more every five years, dust emissions were not measured in the year ended March 31, 2009. (The last measurement was made in the year ended March 31, 2008.)

Water quality (Sewerage Law, City regulations)

Unit: mg/liter, except for pH

Item	Regulatory standard	Plant standard	Actual (max.)
Living environment	pH	5.1-8.9	6.7-7.8
	BOD	600	33.0
	SS	600	17.0
	n-Hexane (mineral)	5	<2.0
	n-Hexane (animal & vegetable)	30	<2.0
	Iodine demand	220	19.0
	Copper	3	<0.1
	Zinc	2	<0.1
	Soluble iron	10	<0.5
	Nitrogen	240	100
	Phosphorus	32	40*
	Ammonia and nitrate nitrogen	380	96.0
Health	Lead	0.1	<0.01

*Occurred in January 2009 (The value exceeded the regulatory and plant standards.)
Cause: During filter replacement, sludge solution containing phosphorus was released into a wastewater treatment process that cannot remove phosphorus.
Measures: All concerned were instructed to make sure that filter replacement of this kind is performed at a place where waste solution can be prevented from running into the above process.

Nikon Corporation Mito Plant

Address: 276-6 Motoishikawa-cho,
Mito, Ibaraki
310-0843, Japan
Phone: +81-29-240-1112



Air (Air Pollution Control Law)

Units: Dust: g/Nm³; NOx: ppm; SOx: Nm³/h

Item		Regulatory standard	Plant standard	Actual (max.)
Boiler*1	Dust	0.1 (0.3)*3	0.1 (0.27)*3	0.006 (0.007)*3
		0.1 (0.3)*3	0.1 (0.27)*3	0.006 (0.007)*3
		0.1 (0.3)*3	0.1 (0.27)*3	0.006 (0.007)*3
	NOx	0.1	0.1	0.006
		150 (180)*3	150 (162)*3	94 (100)*3
		150 (180)*3	150 (162)*3	98 (98)*3
		150 (180)*3	150 (162)*3	100 (100)*3
	SOx*2	150	150	97
		3.25	0.67	0.003
		3.25	0.67	0.003

*1 The fuel for the three existing boilers was switched from heavy oil to liquefied petroleum gas (LPG) on October 20, 2008. The newly installed boiler started operation on February 1, 2009, fueled by LPG.

*2 Because the fuel for the three existing boilers was switched from heavy oil to LPG on October 20, 2008, the values are those for the period of April to October 2008.

*3 Because the fuel for the three existing boilers was switched from heavy oil to LPG on October 20, 2008, the values in parentheses are those for before the switch.

Water quality (Water Pollution Control Law, City regulations)

Unit: mg/liter, except for pH and E. coli (colonies/ml)

Item		Regulatory standard	Plant standard	Actual (max.)
Living environment	pH	5.8–8.6	6.0–8.2	6.2–7.6
	BOD	20	20	15
	SS	30	30	23
	n-Hexane (animal & vegetable)	10	10	2
	Nitrogen	60	60	41.4
	Phosphorous	8	8	6.24
	E. coli (daily average)	3,000	2,700	12

Tochigi Nikon Corporation

Address: 770 Midori, Otawara,
Tochigi 324-8625, Japan
Phone: +81-287-28-1111

Tochigi Nikon Precision Co., Ltd.

Address: 760 Midori, Otawara,
Tochigi 324-8520, Japan
Phone: +81-287-28-1177



Air (Air Pollution Control Law)

Units: Dust: g/Nm³; NOx: ppm; SOx: Nm³/h

Item		Regulatory standard	Plant standard	Actual (max.)
Boiler	Dust	0.3	0.2	<0.005
		0.3	0.2	<0.005
		0.3	0.2	<0.005
		0.3	0.2	<0.005
		0.3	0.2	<0.005
	NOx	180	120	110
		180	120	120
		180	120	69
		180	120	85
		180	120	68
		180	120	68
	SOx	14.5	0.5	0.3
		14.5	0.5	0.4
		14.5	0.5	<0.1
		14.5	0.5	<0.1

Water quality (Water Pollution Control Law, Prefectural regulations, etc.)

Unit: mg/liter, except for pH and E. coli (colonies/ml)

Item		Regulatory standard	Plant standard	Actual (max.)
Living environment	pH	5.8–8.6	6.0–8.4	7.3–7.7
	BOD	20	6.3	3.9
	SS	40	5.5	2.8
	n-Hexane (mineral)	5	0.9	0.8
	Total chromium	2	0.2	<0.1
	Fluorine	0.8	0.7	0.4
	E. coli (daily average)	3,000	240	350*
Health	Cadmium	0.1	0.01	<0.01
	Cyanogen	1	0.1	<0.1
	Lead	0.1	0.06	<0.01
	Hexavalent-chromium	0.5	0.05	<0.05
	Arsenic	0.1	0.05	<0.01
	Trichloroethylene	0.3	0.03	<0.001
	Tetrachloroethylene	0.1	0.01	<0.0005
	Dichloromethane	0.2	0.02	<0.02
1,1,1-Trichloroethane	3	0.3	<0.001	

*Occurred in September 2008 (The value exceeded the plant standard.)

Cause: Due to a partial failure of the automatic control panel of the household wastewater treatment facility, biological treatment of wastewater was not sufficiently performed, resulting in the value exceeding the plant standard (self-imposed restriction).

Measures: The automatic control panel was repaired and, in addition, the monitoring and controlling system was improved.

Mito Nikon Precision Corporation

Address: 4500 Sugaya, Naka,
Ibaraki 311-0194, Japan
Phone: +81-29-298-8111



Sendai Nikon Corporation

Address: 277, Aza-hara, Tako,
Natori, Miyagi
981-1221, Japan
Phone: +81-22-384-0011



Sendai Nikon Precision Corporation

Address: 289, Aza-hara, Tako,
Natori, Miyagi
981-1221, Japan
Phone: +81-22-384-0018

Air (Air Pollution Control Law, Prefectural regulations)

Units: Dust: g/Nm³; NOx: ppm; SOx: Nm³/h

Item	Regulatory standard	Plant standard	Actual (max.)	
Boiler	Dust	0.3	0.05	<0.02
	NOx	250	125	88
	SOx	8.47	0.8	0.01

Air (Air Pollution Control Law)

Units: Dust: g/Nm³; NOx: ppm

Item	Regulatory standard	Plant standard	Actual (max.)	
Boiler	Dust	0.05	0.035	0.008
		0.05	0.035	0.006
		0.05	0.035	0.008
	NOx	600	100	45
		600	100	52
		600	100	55

Water quality (Sewerage Law, City regulations)

Unit: mg/liter, except for pH

Item	Regulatory standard	Plant standard	Actual (max.)	
Living environment	pH	5.0-9.0	5.8-8.6	6.3-7.6
	BOD	600	300	8.4
	SS	600	300	3.1
	n-Hexane (mineral)	5	2	0.7

Water quality (Sewerage Law, City regulations)

Unit: mg/liter, except for pH

Item	Regulatory standard	Plant standard	Actual (max.)		
Living environment	pH	5.8-8.6	6.0-7.8	6.8-7.2	
	BOD	300	30	2.6	
	SS	300	30	2.0	
	n-Hexane (mineral)	5	3	1.0	
	n-Hexane (animal & vegetable)	30	3	1.0	
	Iodine demand	220	20	10.0	
	Total chromium	2	1	0.3	
	Copper	3	1	0.1	
	Zinc	2	1	0.2	
	Phenols	5	1	0.1	
	Soluble iron	10	1	0.1	
	Manganese	10	1	0.1	
	Fluorine	15	1	0.5	
	Boron	230	1	0.1	
	Nitrogen	125	10	5.4	
	Phosphorus	20	10	2.3	
	Ammonium and nitrate nitrogen	380	10	4.0	
	Health	Cadmium	0.1	0.05	0.01
		Cyanogen	1	0.5	0.1
Organophosphate		1	0.5	0.1	
Lead		0.1	0.05	0.01	
Hexavalent-chromium		0.5	0.1	0.05	
Arsenic		0.1	0.1	0.01	
Total mercury		0.005	0.002	0.0005	
Alkyl mercury		Not detectable	Not detectable	<0.0005	
PCB		0.003	0.001	0.0005	
Trichloroethylene		0.3	0.2	0.03	
Tetrachloroethylene		0.1	0.1	0.01	
Dichloromethane		0.2	0.1	0.02	
Carbon tetrachloride		0.02	0.01	0.002	
1,2-Dichloroethane		0.04	0.02	0.004	
1,1-Dichloroethylene		0.2	0.1	0.02	
cis-1,2-Dichloroethylene		0.4	0.2	0.04	
1,1,1-Trichloroethane		3	1	0.3	
1,1,2-Trichloroethane		0.06	0.02	0.006	
1,3-Dichloropropene		0.02	0.01	0.002	
Thiuram		0.06	0.02	0.006	
Simazine		0.03	0.02	0.003	
Benthocarb		0.2	0.1	0.02	
Benzene	0.1	0.1	0.01		
Selenium	0.1	0.1	0.01		

Zao Nikon Co., Ltd.

Address: 20, Aza-shin-oyoke,
Miya, Zao-machi,
Katta-gun, Miyagi
989-0701, Japan
Phone: +81-224-32-2336



Kurobane Nikon Co., Ltd.

Address: 1434, Kurobanemuko-
machi, Otawara,
Tochigi 324-0241, Japan
Phone: +81-287-53-1111



Air (Air Pollution Control Law)

Units: Dust: g/Nm³; NOx: ppm

Item		Regulatory standard	Plant standard	Actual (max.)
Applicable to none	Dust			
	NOx			

Air (Air Pollution Control Law)

Units: Dust: g/Nm³; NOx: ppm

Item		Regulatory standard	Plant standard	Actual (max.)
Applicable to none	Dust			
	NOx			

Water quality (Water Pollution Control Law, Prefectural regulations, etc.)

Unit: mg/liter, except for pH and E. coli (colonies/ml)

Item		Regulatory standard	Plant standard	Actual (max.)
Living environment	pH	5.8–8.6	5.8–7.6	6.5–7.4
	BOD	30	30	7.3
	SS	200	35	19.8
	n-Hexane (mineral)	5	2.5	0.9
	Copper	3	0.1	0.05
	E. coli (daily average)	3,000	1,000	170
Health	Cadmium	0.1	0.01	<0.002
	Cyanogen	1	0.2	<0.1
	Organophosphate	1	0.2	<0.1
	Lead	0.1	0.02	<0.01
	PCB	0.003	0.001	<0.0005
	Trichloroethylene	0.3	0.01	<0.001
	Dichloromethane	0.2	0.08	<0.001
	Benzene	0.1	0.01	<0.001

Water quality (Water Pollution Control Law, Prefectural regulations)

Unit: mg/liter, except for pH

Item		Regulatory standard	Plant standard	Actual (max.)
Living environment	pH	5.0–9.0	6.5–8.0	6.7–7.9
	BOD	600	5	2.6
	SS	600	10	2.0
	n-Hexane (mineral)	5	1	<1.0
	Copper	1	1	<0.1
	Zinc	1	1	<0.1
Health	Lead	0.1	0.05	0.01
	Trichloroethylene	0.3	0.3	<0.03
	Tetrachloroethylene	0.1	0.1	<0.01
	Dichloromethane	0.2	0.03	<0.02

**Hikari Glass Co., Ltd.
Akita Plant**

Address: 155, Aza-Mitsumata
Shirahata, Komagata-
cho, Yuzawa, Akita
012-0104, Japan
Phone: +81-183-42-2197



Air (Air Pollution Control Law)

Units: Dust: g/Nm³; NOx: ppm; fluorine, lead and hydrogen chloride: mg/Nm³

Item	Regulatory standard	Plant standard	Actual (max.)	
Fusion furnace*	Dust	0.15	0.01	<0.01
	NOx	800	80	9
	Fluorine	10	10	0.83
	Lead	20	2	<0.61
	Hydrogen chloride	80	20	<6.2

*Optical glass smelting furnace (classified as "fusion furnace" under the Air Pollution Control Law)

Water quality (Water Pollution Control Law, Prefectural regulations, etc.)

Unit: mg/liter, except for pH

Item	Regulatory standard	Plant standard	Actual (max.)	
Living environment	pH	5.8–8.6	5.8–8.6	6.5–8.1
	BOD	30	30	76* ¹
	COD	30	30	20
	SS	70	50	50
	n-Hexane (mineral)	5	5	12* ²
	Total chromium	2	2	<0.01
	Copper	3	3	0.01
	Zinc	2	2	0.03
	Soluble iron	10	0.5	0.43
	Manganese	10	10	0.02
	Fluorine	8	8	2.03
	Boron	10	10	2.4
	Health	Lead	0.1	0.09
Hexavalent-chromium		0.5	0.5	<0.05
Arsenic		0.1	0.01	<0.02

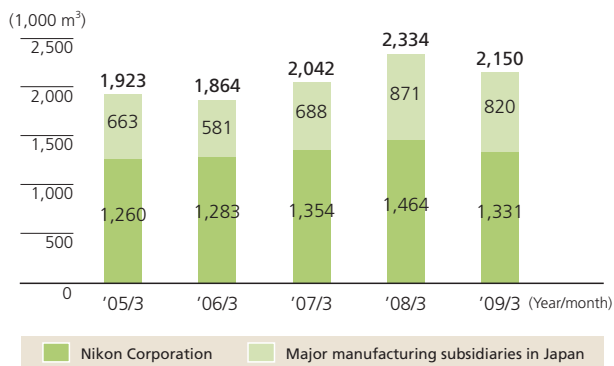
- *1 Occurred in May 2008 (The value exceeded the regulatory and plant standards.)
Cause: Clogging of a blower pipe of a wastewater tank caused aeration failure, resulting in deteriorated water quality.
Measures: The pipe and wastewater tank were cleaned to restore the treatment function.
- *2 Occurred in July 2008 (The value exceeded the regulatory and plant standards.)
Cause: Workers with lubricant oil on their hands washed their hands in a sink for household wastewater.
Measures: A notice instructing workers about the use of sinks was placed at sinks for household wastewater.
- *3 Occurred in May 2008 (The value exceeded the regulatory and plant standards.)
Cause: Abrasive sludge entered into the general wastewater drain system via rags and other cleaning tools.
Measures: Workers were instructed to make sure that water used to wash rags and other cleaning tools is treated at wastewater treatment facilities.

Water usage for the year ended March 31, 2009

Unit: m³

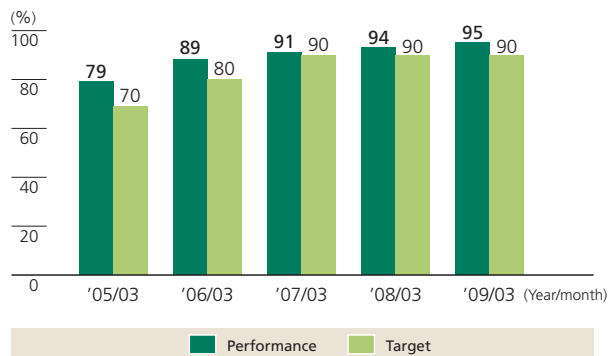
Plant	Annual water usage	
Nikon Corporation	Ohi Plant	60,770
	Yokohama Plant	75,632
	Sagamihara Plant	847,324
	Kumagaya Plant	330,156
	Mito Plant	16,715
Major manufacturing subsidiaries in Japan	Tochigi Nikon Corporation, Tochigi Nikon Precision Co., Ltd.	505,300
	Mito Nikon Precision Corporation	7,055
	Sendai Nikon Corporation, Sendai Nikon Precision Corporation	117,376
	Zao Nikon Co., Ltd.	30,092
	Kurobane Nikon Co., Ltd.	5,065
	Hikari Glass Co., Ltd. Akita Plant	154,917
Total	2,150,402	

Water usage (March 31, 2005–March 31, 2009)



Notes: All figures have been rounded up or down to the nearest whole number, so it is possible that totals are not identical to the sum of the constituents as listed. The data for the year ended March 31, 2005 partially include estimated amounts (Kurobane Nikon).

Rate of green purchasing (purchases of specified goods as %) [Nikon Corporation]



Developments & Advancements in Nikon's CSR Activities

Year	Nikon	Japan/Worldwide
1967		Basic Law for Environmental Pollution Control enacted
1970	First Pollution Response Committee meeting held (September)	
1971		Japan Environment Agency established
1972	Revision of company motto: "Kindness, Improvement, Responsibility and Cooperation" (January)	United Nations Conference on the Human Environment held in Stockholm
1979	Environmental Management Office established within the Construction Department (July)	
1986	Declaration of corporate philosophy Light and Microtechnology (January)	
1987		Montreal Protocol on Substances that Deplete the Ozone Layer adopted
1988	First Nikon Group Environmental Communications Committee meeting held (November)	Ozone Layer Protection Law enacted
1989		Advocacy of Valdez principles by CERES
1991		The Keidanren Charter of Corporate Behavior and Global Environment Charter announced Law for the Promotion of Utilization of Recycled Resources enacted
1992	Nikon Basic Environmental Management Policy announced and Environmental Committee established (April)	Earth Summit held in Rio de Janeiro
1993		Basic Environment Law enacted Start of International Energy Star Program
1994	Elimination of specified CFCs used in cleaning (May)	United Nations Framework Convention on Climate Change went into effect
1995	Implementation of Nikon Product Assessment (May)	Container and Packaging Recycling Law enacted
1996		Publication of ISO 14001 Standards
1997	Business Conduct Committee established (December) Sendai Nikon earns first ISO 14001 certification in the Nikon Group (March)	3 rd Conference of the Parties (COP 3) to the United Nations Framework Convention on Climate Change held in Kyoto
1998	Nikon Environment Symbol (May) Implementation of Nikon Basic Policy for Green Procurement (August)	GRI Guidelines announced Law Concerning the Promotion of Measures to Cope with Global Warming enacted
1999	Nikon Green Procurement Guide distributed to suppliers (July) Environmental Administration Department (present name: Environmental & Technical Administration Department) established (October)	Pollutant Release and Transfer Register (PRTR) Law enacted
2000	Vision Nikon 21 and new corporate philosophy: "Trustworthiness & Creativity" announced (March) Nikon Environmental Action Plan 2000 issued (June) [first time]	Inauguration of Global Compact by United Nations Basic Law for Establishment of Recycling-Based Society enacted Law for Promotion of Effective Utilization of Resources enacted
2001	Implementation of Nikon Code of Conduct (May) Nikon Environmental Report 2001 released (October) [first time]	Fluorocarbon Recovery and Destruction Law enacted
2002		Soil Contamination Countermeasures Law enacted
2003	Compliance Section established in Administration Department (July) Zero-emission systems completed at all Nikon plants (March)	Environmental Protection Activities and Environmental Education Promotion Law enacted WEEE & RoHS Directives enacted in EU
2004	Implementation of Nikon Charter of Corporate Behavior (April) Implementation of policy for integrated ISO 14001 certification (July)	Law Concerning the Promotion of Business Activities with Environmental Consideration enacted Revision of ISO 14001 Standards
2005	Introduced Code of Conduct Coordinator System (April) Zero-emission systems completed at five major manufacturing subsidiaries in Japan (March) Nikon Imaging (China) Co., Ltd. earns the first ISO 14001 certification among Nikon Group members overseas (June) Acquisition of company-wide ISO 14001 certification by Nikon Corporation (September) Nikon Green Procurement Standards enacted (October)	United Nations Framework Convention on Climate Change Kyoto Protocol went into effect WEEE Directive implemented in EU
2006	CSR Committee established (January) Risk Management Committee established (April) Nikon CSR Report 2006 released (August) [first time] Acquisition of group-wide ISO 14001 certification by Nikon Corporation and five major domestic Group manufacturing subsidiaries (September) CSR Section established in Corporate Planning Department (October)	RoHS Directive implemented in EU
2007	Revision of Vision Nikon 21, and implementation of Our Aspirations (April) Nikon Corporate Social Responsibility (CSR) Charter (April) Revision of Nikon Code of Conduct (May) Nikon Scholarship Program established to support the education of young people in Thailand (July) Joined the United Nations Global Compact (July) Integrated Disaster Prevention and BCM Committee established (August) Global Warming Prevention Project launched (October) Nikon Procurement Partners' CSR Guidelines announced (December)	REACH Regulation implemented in EU Intergovernmental Panel on Climate Change (IPCC) AR4 announced 13 th Conference of the Parties (COP 13) to the United Nations Framework Convention on Climate Change held in Bali
2008	Participation in the Mt. Fuji Reforestation Project (May)	14 th Conference of the Parties (COP 14) to the United Nations Framework Convention on Climate Change held in Poznan

External Evaluation

Awards Won in the Year Ended March 31, 2009

- **May 2008: Received multiple awards at the TIPA*1 European Photo & Imaging Awards 2008**

Digital SLR camera D3	The Best D-SLR Professional in Europe 2008
Digital SLR camera D300	The Best D-SLR Expert in Europe 2008
AF-S NIKKOR 14-24 mm f/2.8 G ED interchangeable lens	The Best Professional Lens in Europe 2008

† Also at the TIPA European Photo & Imaging Awards 2009 (May 2009), Nikon Corporation received awards for the D3X and D90.
 ▶ http://www.nikon.com/about/news/2009/0507_TIPA2009_01.htm

- **May 2008: Received the CAMERA GRAND PRIX*2 2008 Camera of the Year and Readers Award (in Japan)**
- **July 2008: Rated as number one digital camera in the annual survey conducted by Nikkei Business on customer satisfaction with after-sales services**
- **August 2008: Won the EISA Award*3**

Digital SLR camera D3
AF-S NIKKOR 14-24 mm f/2.8 G ED interchangeable lens
AF-S NIKKOR 24-70 mm f/2.8 G ED interchangeable lens

- **October 2008: Received multiple awards at the Good Design Award*4 2008 (in Japan)**

Nikon Speedlight SB-900	2008 Good Design Award
Biological microscope ECLIPSE Ti-E	2008 Good Design Award
Binocular Micron	Long Life Design Award

- **October 2008: Selected as one of the companies practicing superior disclosure by securities analysts (in Japan)*5**
- **March 2009: President Kariya of Nikon Corporation named to PMA Hall of Fame*6**
- **March 2009: Received a Supplier Continuous Quality Improvement (SCQI) Award*7 from Intel Corporation**
- **March 2009: Received the Martin Strauss Memorial Manufacturer Service Support Award from NAPET*8**

*1 Technical Image Press Association, which comprises chief and technical editors of major European camera- and image-related magazines.
 *2 Held by the Camera Journal Press Club, a group of journalists writing articles on mechanisms for photo and camera magazines, who choose and commend the most excellent model from among new still cameras released in Japan in the year.
 *3 European Imaging and Sound Association, whose members include about 50 leading camera-, image-, and audio-related magazines of at least 19 countries in Europe.
 *4 Held by Japan Industrial Design Promotion Organization.
 *5 The Securities Analysts Association of Japan's Corporate Disclosure Study Group on disclosure began selecting such companies to encourage companies to improve their information disclosure in 1995.
 *6 The Photo Marketing Association (PMA) gives this honor to a person who has significantly contributed to the imaging industry.
 *7 Intel Corporation established this award as part of its SCQI process, with the aim of encouraging its major suppliers to make continuous and outstanding improvements.
 *8 The National Association of Photo Equipment Technicians (NAPET) is composed of 180 owners of certified repair stores for image-related products across the United States.

SRI listings

(as of March 31, 2009)

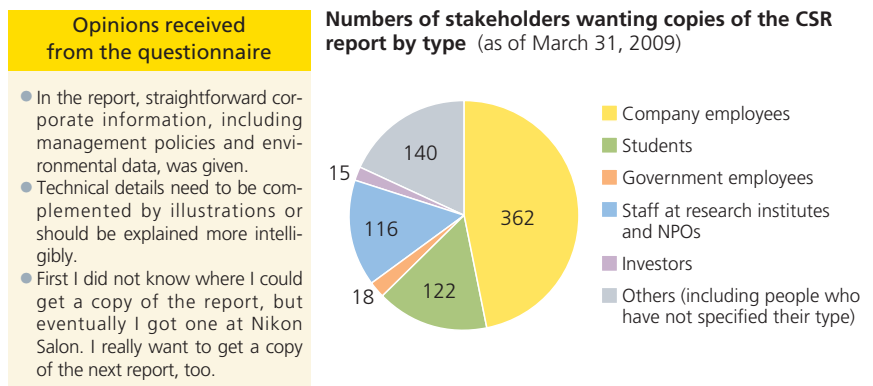
Nikon is included in the following three SRI funds/indices in recognition of its commitment to CSR.

FTSE4Good Japan Index
Daiwa SRI Fund
SRI fund established by Chuo Mitsui Asset Management



Communication through the CSR report

We incorporated as many of the opinions received from our stakeholders through the questionnaire on our previous CSR report as possible into this CSR report.



Third-party Comments



Junko Edahiro

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

I appreciate that the report was created in a careful and sincere manner, just like the reports of the last year and two years ago. In particular, the story about the development of Eco-glass demonstrated the technical strength of Nikon and was quite impressive. It would be great if the company could communicate more of its unique features in the report.

1. Social aspect

The "Social Topics" section has been improved compared with last year's report. The results of the employees' awareness survey were presented in a straightforward way, and I expect that the company will implement more measures based on the results.

Specific measures taken to help female employees display more abilities were also described, and I hope that the company will press forward with these measures, formulating their future vision and setting a numerical target, if possible.

2. Environmental aspect

Focus on "Environmental Topics" seems to have weakened, while "Social Topics" have increased. Readers would be able to understand the environmental stance of the company if its environmental ideas and direction were first introduced as a "trunk" and then specific measures and results were described as "branches."

As I wrote for the previous report, I very much hope that the company will set targets and visions for preventing global warming on a long-term basis beyond the current targeting year of 2011 and on a sufficient scale.

The report clearly explains what measures are being taken for transportation within Japan and at business sites to prevent global warming. However, what is important is not taking measures but achieving results: it is important to report the results of and lessons learned from these activities. It is not enough to raise employee awareness of global warming. It is also necessary for the company to take on the challenge of building a system to encourage

employees to actually take action in preventing global warming.

In the future, biodiversity conservation will increase in importance. There was a report on reforestation in the Mt. Fuji area in the report, but I hope that the company will introduce more specific ideas about biodiversity in its future CSR reports, including a report (which can be an interim report) on how it is dealing with biodiversity in its business operations.

3. Economic aspect

I hope that the company will contribute to local economies by creating jobs and in particular, make contributions to developing countries and the socially disadvantaged through its business operations. In addition, I hope that the related measures and achievements will be introduced in its CSR report as one of the "triple bottom lines" for CSR. As for external relations, I want the company to seek more interactive communication with local communities in addition to fostering its philanthropic and volunteer activities.

4. Communication

In the first half of the report, there were descriptions that were not much related to CSR, such as the introduction of awards won by the company. These are something that is usually published in PR magazines rather than in CSR reports and I hope that improvements will be made. Also in introducing its environmental measures, the company needs to communicate what it has yet to achieve, what problems it is facing, and in which direction it is moving in a very clear manner, instead of using rhetorical expressions that sound like advertising slogans, and this in turn will help the company win readers' trust and sympathy. I am disappointed that the things I highlighted in the last report were not fully incorporated in this report. Finally, I hope that the company will resolutely implement the PDCA cycle for environmental management using the CSR report as a communication medium.

On Receiving Third-party Comments on Nikon's CSR Report

I would like to thank Junko Edahiro for her valuable opinions. She has been providing third-party opinions to our CSR reports for the last two years, and I believe that receiving continued input from a third party is very useful for the Nikon Group in further fostering its CSR activities.

In the year ended March 31, 2009, the Nikon Group faced a very severe business situation due to the rapid economic downturn. No matter what the business environment, however, we will never change our CSR-oriented policies. We are constantly encouraging all Nikon Group employees to take a CSR-oriented attitude.

In this report, we reported on the Group's CSR activities including those conducted overseas, and quantified as much of the data as possible, in order to communicate the entire Group's activities in a more objective manner. As for bidirectional communication with stakeholders, we conducted activities focusing on employees of domestic Group companies in the previous fiscal year. We received a critical comment from Ms. Edahiro regarding the "Environmental Topics" section. Also based on the results of the employee awareness survey, we have realized that we need to implement more measures for the environment. We firmly intend to make more efforts in the future.

We will continue to listen sincerely to opinions from the general public and give them our honest response.



Ichiro Terato

Representative Director,
Executive Vice President,
and CFO
(CSR Executive Officer)



■ Cover photo

Title : Breaking the silence

Photographer : Joao Quaresma

Camera : Nikon digital SLR camera D200

This photo won a prize at the Nikon Photo Contest International 2006-2007 (held by Nikon)

This work was submitted to Nikon Photo Contest International 2006-2007 (sponsored by Nikon).

For details, refer to the followin URL:

<http://imaging.nikon.com/products/imaging/activity/npci/npci2008-2009/index.htm>



NIKON CORPORATION

Fuji Bldg., 2-3, Marunouchi 3-chome, Chiyoda-ku, Tokyo 100-8331, Japan
www.nikon.com/

Published: September 2009



Kurumin:

We have obtained the Next-Generation Certification Mark (informally called "Kurumin"), which is given to companies that introduce measures based on the Act on Advancement of Measures to Support Raising Next-Generation Children.



みんなで止めよう温暖化

チーム・マイナス6%

Team Minus 6%:

Nikon participates in this national campaign against global warming, which is widely implemented to fulfill Japan's international commitment for the Kyoto Protocol, namely a 6% reduction in greenhouse gas emissions.