



RESPONSIBLE MINERALS SOURCING REPORT 2023

Results of 2022 Survey

Responding to the Issues of Responsible Minerals Sourcing

Since 2011, with its established Policy on Conflict Minerals declaring that we do not use 3TG (tantalum, tin, tungsten and gold) intermediated by armed groups in the Democratic Republic of the Congo and its neighboring countries, the Nikon Group has conducted country-of-origin surveys and due diligence every year and disclosed the results. In 2020, in response to the concept behind the EU Conflict Minerals Regulation, which does not place limitations on the target risks, minerals, or regions, we changed the name of this report to the Responsible Minerals Sourcing Report and began more comprehensive efforts to source minerals responsibly. To achieve this goal, we have requested procurement partners to agree on the Nikon Group's Responsible Minerals Sourcing Policy and pledge to cooperate with our surveys on the contract. This policy can be viewed on the Nikon Group's website.

Responsible Minerals Sourcing Policy

https://www.nikon.com/about/sustainability/society-labor/supply-chain/Responsible_Minerals_Sourcing_Policy.pdf

The Nikon Group's Responsible Minerals Sourcing (Conflict Minerals) Report is structured based on a five-step framework for due diligence according to risks in the mineral supply chain defined in Annex II of "OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas" Third Edition.*¹ It is important to note that because the Nikon Group is downstream in the supply chain and does not directly purchase minerals from smelters. The results in this report are based on information provided by our primary procurement partners that can be believed to be true.

*¹ OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas" Third Edition

<http://www.oecd.org/daf/inv/mne/OECD-Due-Diligence-Guidance-Minerals-Edition3.pdf>

Implementation of Due Diligence



1. Establish strong company management systems

Strengthening Supply Chain Management

In 2019 we introduced the database system to strengthen supply chain management across the entire Nikon Group. This system enabled us to manage second-tier and third-tier suppliers. Until now, we have requested suppliers to respond to responsible minerals sourcing as part of CSR procurement activities, and the status of responses to responsible minerals sourcing surveys and of due diligence can now be managed as part of supplier selection and evaluation by visualizing the CSR survey results of individual companies using the database.

CSR Procurement Standards

Through the Nikon Group Code of Conduct (revised January 1, 2018; effective as of April 1), the Nikon Group has made a commitment to all stakeholders about the social responsibilities of the Group both internally and externally. At the same time, we ask our procurement partners to comply with the Nikon Group CSR Procurement Standards, which we formulated in August 2015 based on the "Social Responsibility in the Supply Chain" section in the Nikon Group Code of Conduct, and made the third revision in October 2020, to promote the Nikon Group's approach towards CSR in the supply chain. These standards are in line with the code of conduct of the RBA^{*2}, a global standard in the electronics industry, and we ask that our procurement partners adhere to these standards not only for responsible minerals sourcing but as basic standards for all CSR practices.

^{*2} The Responsible Business Alliance. The RBA is an industry organization that includes not only the electronics industry but also other industries that purchase electronic components, such as the automobile, toy, and aerospace industries. The RBA Code of Conduct establishes standards to ensure that working conditions in the supply chains of these industries are safe, that workers are treated with respect and dignity, and that business operations are environmentally responsible and conducted ethically.

Nikon Group CSR Procurement Standards

https://www.nikon.com/about/corporate/procurement/pdf/csr-procurement1_3_e.pdf

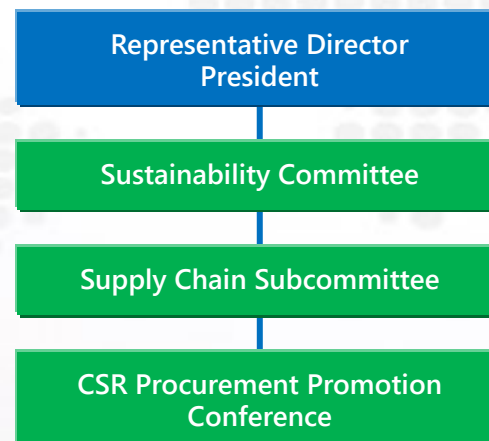


STEP 1

Internal promotion system

Based on our Policy on Conflict Minerals, in 2013 we formed a cross-departmental project team led by a company director. Since 2014, we have also maintained a Supply Chain Subcommittee to deliberate concerns involving the whole supply chain and decide actions from a cross-organizational standpoint. Decision-making and approval authority rests with this Subcommittee, which is chaired by the executive in charge of the procurement department and includes department managers or higher in related departments as its members. The Supply Chain Subcommittee meetings are held twice every year. Significant matters of the responsible mineral sourcing report are reported by the director in charge of sustainability to other directors and general managers at the Sustainability Committee after they are approved by the Supply Chain Subcommittee every year. Additionally, in order to facilitate deliberation and decision-making on matters covered by the Supply Chain Subcommittee, a CSR Procurement Promotion Conference of section managers etc. from related departments was formed under the Supply Chain Subcommittee. This Conference will act as a task force promoting all aspects of CSR procurement, including responsible minerals sourcing.

Responsible Minerals Sourcing Promotion System



Clarification and Documentation of Roles, Responsibilities, and Operations

The Nikon Group has put in place the Basic Conflict Minerals Rules as a basic policy for the purpose of clarifying the roles, responsibilities, and operations of related members, and the Conflict Minerals Response Manual that includes more detailed information on continuous responsible minerals sourcing activities.

Responsible Minerals Sourcing Grievance System

The Nikon Group has established a Responsible Minerals Sourcing Hotline to which all stakeholders can report any acts contrary to or concerns about the Nikon Group's Responsible Minerals Sourcing Policy. To enhance the transparency, we are planning to replace this in-house Hotline and Inquiries (Procurement, CSR procurement, Green procurement) with a grievance system that involves independent third-party experts in the fiscal year 2024, so that we can properly investigate the grievance and take corrective actions.

Responsible Minerals Sourcing Hotline

<https://www.nikon.com/about/sustainability/society-labor/supply-chain/form/>

Inquiries (Procurement, CSR procurement, Green procurement)

<https://www.nikon.com/about/corporate/procurement/form/>



STEP 1

2. Identify and assess risks in the supply chain

■ 3TG (tantalum, tin, tungsten, and gold)

- We conduct the reasonable country of origin survey every year. We send the RMI^{*3} reporting template (CMRT: Conflict Minerals Reporting Template), a mineral reporting tool that is widely recognized in the industry, to our procurement partners across all business units and receive their completed templates via the supply chain transparency system which prevents erroneous input.
- Using the Facility Database available for RMI members, we verify RMAP^{*4} eligibility, RMAP audit status, RMI's comments about due diligence actions required for each smelter.
- Regarding RMAP non-conformant 3TG smelters, we checked whether the locations of the mines were in the Democratic Republic of the Congo and its nine neighboring countries (Dodd-Frank Act covered countries) or in the EU's Conflict-Affected and High-Risk Areas (CAHRAs^{*5}) listed countries (<https://www.CAHRAslist.net/>).

^{*3} RMI: Responsible Minerals Initiative. Founded in 2008 by members of the Responsible Business Alliance and the Global Sustainability Initiative, the RMI is one of the most utilized and respected resources for companies from a range of industries addressing responsible mineral sourcing issues in their supply chains.

^{*4} RMAP: Responsible Minerals Assurance Process, auditing program for smelters/refineries run by the RMI.

^{*5} CAHRAs: Conflict-Affected and High-Risk Areas. Areas where there is political unrest or the domestic infrastructure has collapsed. In these areas, there are widespread violations of human rights and domestic and international laws.

■ Cobalt

- We conduct the reasonable country of origin survey every year. We send the RMI newly developed reporting template (EMRT: Extended Minerals Reporting Template) to our procurement partners and receive their completed templates by email. We are preparing the system to expand the scope.
- Using the Facility Database available for RMI members, we verify RMAP eligibility, RMAP audit status, RMI's comments about due diligence actions required for each smelter.



STEP 2

- Regarding RMAP non-conformant Cobalt refiners, we checked whether the locations of the mines were in the CAHRAs defined by Dodd Frank Act or EU's CAHRA list.



STEP 2

3. Design and implement a strategy to respond to identified risks

We have defined following criteria for the risk identified in the survey responses. Based on the risk rating, we work together with our procurement partners to take corresponding actions to mitigate the risks.

Risk level 1: The suppliers reported no smelter information (including CMRT/EMRT rejected, or smelter information not disclosed/unknown.)

Action 1: We ask the suppliers if they are willing to respond to our survey. We don't deal with the suppliers who are not willing. If they are willing but encounter any issues, we assist them resolve the issues.

Risk level 2: The smelters were not eligible for RMAP audit because they were confirmed by RMI to be no longer in operation or not smelters.

Action 2: We ask the suppliers to verify the current eligible smelters.

Risk level 3: The smelters were not RMAP conformant, not "In Communication" with RMI, not "Active" in the RMAP audit.

Action 3: We ask the suppliers to provide their due diligence plans. We don't deal with the suppliers who are not willing. Also we request the smelters directly or indirectly to participate in RMAP unless RMI cannot proceed with RMAP.

Priority 1: Mine location unknown

Priority 2: Mine located in Covered countries of US Dodd-Frank Act and CAHRAs by EU regulation

Priority 3: Mine located in Low-risk countries

Risk level 4: The smelters were "In Communication" with RMI to participate in RMAP.

Action 4: We monitor the status and make sure the smelters become "Active" (RMAP audit participation).

Risk level 5: The smelters were "Active" in the RMAP audit.

Action 5: We monitor the status and make sure the smelters become RMAP conformant.

Risk level 6: The smelters were RMAP conformant.

Action 6: We monitor the status and make sure the smelters renew the conformant status before it expires.



STEP 3

4. Carry out independent third-party audit of smelter/refiner's due diligence practices

The Nikon Group is addressing responsible mineral sourcing in cooperation with industry organizations and stakeholders. In November 2012, we participated in the study group "Responsible Minerals Trade Working Group" established by the Japan Electronics and Information Technology Industries Association (JEITA) to collect mineral supply chain information, and we continue to engage in industry group activities.

One of the essential steps in promoting responsible minerals sourcing is to increase the number of smelters around the world that are confirmed as having no connection with armed groups. To actualize this, we joined the Responsible Minerals Initiative (RMI) in April 2014.

As a member of RMI, we made use of the available information regarding independent third-party audit of smelters and refiners, and request the applicable smelters and refiners to participate the RMAP audits. In 2018, the Nikon Group joined the Responsible Business Alliance (RBA), an industry association formed from companies in the electronics and electrical machinery industry in the U.S. and Europe. Through this, we aim to further promote issues relating to CSR in general including responsible minerals sourcing and cooperate with member companies in progressing with activities toward resolving these issues.

JEITA (Japan Electronics and Information Technology Industries Association)

Responsible Minerals Trade Working Group

https://home.jeita.or.jp/mineral/seminar/files/Background_E_20221024.pdf

RMI (Responsible Minerals Initiative)

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

RBA (Responsible Business Alliance)

<https://www.responsiblebusiness.org/>



STEP 4

5. Report on supply chain due diligence

Nikon reports the progress and status of its conflict minerals management program, and other responsible mineral sourcing activity, annually in Responsible Minerals Sourcing Report (this report) on Nikon's official website.

https://www.nikon.com/company/sustainability/society-labor/supply-chain/Responsible_Minerals_Sourcing_Report_2022_Survey.pdf

Awareness of Survey Policy and Methods

In November 2022, we held a meeting for 1,004 procurement partners (1,268 participants) and explained the background and the significance of the Responsible Minerals Sourcing Policy and expressed our intention to continuously do business with procurement partners who have pledged cooperation with the policies. Also, we explained the necessity of reducing the risk of RMAP non-conformant smelters, especially when mines are located in Conflict-Affected or High-Risk Areas and emphasized that no response or non-disclosure represents the greatest risk.

Reasonable Country of Origin Surveys

■ 3TG (tantalum, tin, tungsten, and gold)

We sent survey requests to 877 primary procurement partners from eight business units in September 2022 and received the completed CMRT by December 2022 from 747 partners (85%).

■ Cobalt

We sent survey requests to 26 primary procurement partners from four business units in September 2022 and received the completed EMRT by December 2022 from 24 partners (92%).

■ 3TG (tantalum, tin, tungsten, and gold) risk assessment

We used the RMI's Facility Database to verify the RMAP audit status and conformant status of each SOR reported by our procurement partners. 267 SORs were found not eligible for the RMAP audit because they were no longer in operation or found not to be SORs. 341 SORs were found eligible, of which 225

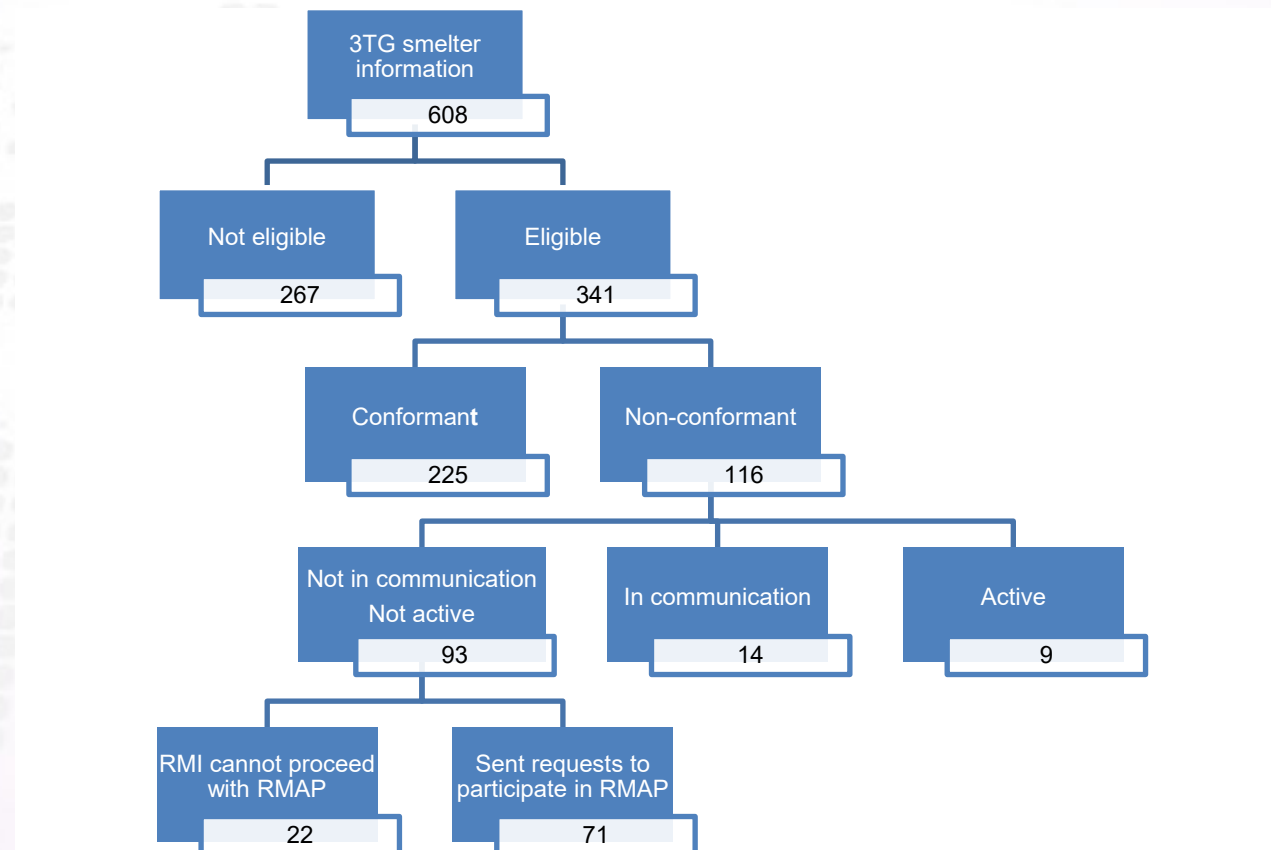


Risk Assessment

STEP 5

were conformant, resulting in a conformant rate of 66%, which is a decrease from 70% in 2021. Of the 116 non-conformant smelters, 9 SORs were actively participating in/accepting the RMAP audit and 14 SORs were in communication with RMI about RMAP. Our outreach was required for SORs that were qualified for the RMAP audit, but not actively participating in/accepting the RMAP audit or not in communication with RMI. We requested our procurement partners to present their due diligence plans for the 93 in-scope SORs. Out of 93 SORs, 22 were not qualified for the RMAP audit. So we sent letters directly or indirectly to 71 SORs to request them to participate in/accept the RMAP audit.

3TG Risk Assessment



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3TG Due Diligence Action and Number of SORs by Risk Level (as of 28 February 2023)

Risk Level	RMAP Audit Status	RMAP Conformant Status	Action	Nr of SOR
1	No SOR information reported CMRT rejected SOR disclosed/unknown	-	Ask the suppliers if they are willing to respond to our survey. We don't deal with the suppliers who are not willing. If they are willing but encounter any issues, we assist them resolve the issues.	-
2	Not Eligible (No longer in operation or not SOR)	-	Ask the suppliers to verify the current eligible SORs.	267
3	Eligible Not In Communication/Not Active/Not Conformant	Non-conformant (1) Mine location unknown (2) Covered countries and CAHRAs	Ask the suppliers to provide their due diligence plans. We don't deal with the suppliers who are not willing. Also request the smelters directly or indirectly to participate in RMAP unless RMI cannot proceed with RMAP.	93
4	Eligible In Communication	(3) Low-risk countries	Monitor the status and make sure the smelters become "Active".	14
5	Eligible Active		Monitor the status and make sure the smelters become RMAP conformant.	9
6	Eligible Conformant	Conformant	Monitor the status and make sure the smelters renew the conformant status before it expires.	225



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3TG mine locations of the 116 RMAP non-conformant SORs are as follows:

1. Mine location is unknown or undisclosed: 0
2. Mine location is in the Democratic Republic of the Congo and its neighboring countries: 27
(Democratic Republic of the Congo, Angola, Burundi, Central African Republic, Rwanda, Uganda)
3. Mine location is on the EU's Conflict Affected and High-Risk Areas (CAHRAs) list: 47
(Democratic Republic of the Congo, Burkina Faso, Burundi, Central African Republic, Colombia, Egypt, Eritrea, Ethiopia, India, Mali, Mozambique, Myanmar, Niger, Nigeria, Philippines, Sudan, Turkey, Zimbabwe)
4. RMAP non-conformant SORs with mine location not in the Democratic Republic of the Congo and its nine neighboring countries or EU's conflict affected and high-risk areas: 61

3TG Mine Location Risk of 3TG Non-conformant Smelters (as of 28 February 2023)

Mine Location	Non-conformant	Non-conformant Active	Non-conformant Not active
Mine location unknown / undisclosed	0	0	0
Covered countries of US Dodd-Frank Act	27	2	25
CAHRAs by EU regulation	47	5	42
Low-risk countries	61	4	57

■ **Cobalt risk assessment**

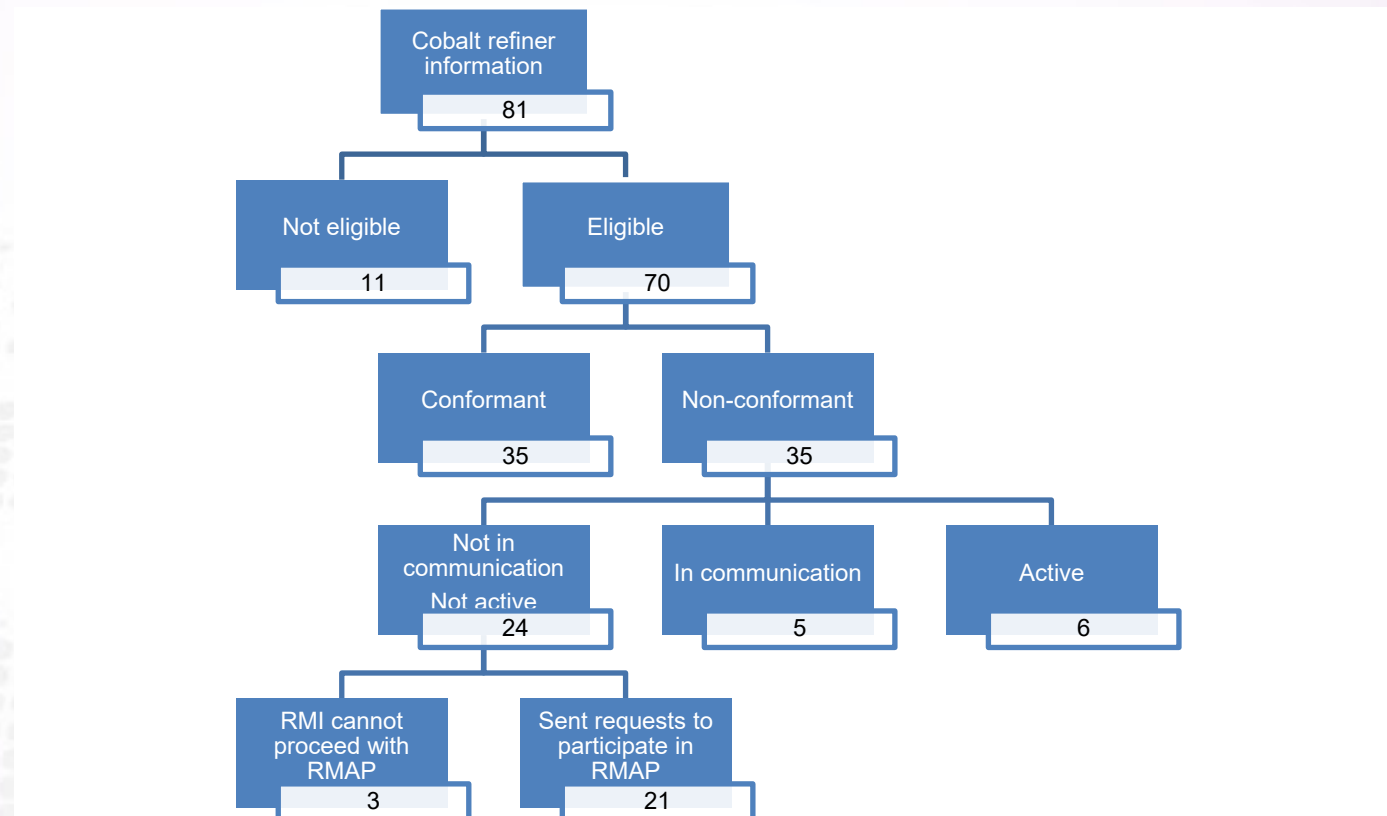
We used the RMI's Facility Database to verify the RMAP audit status and conformant status of each SOR reported by our procurement partners. 11 SORs were found not eligible for RMAP audit because they were no longer in operation or found not to be SORs. 70 SORs were found eligible, of which 35 were conformant, resulting in a conformant rate of 50%. Of the 35 RMAP non-conformant SORs, 6 were actively participating in/accepting the RMAP audit and 29 were not participating in/accepting the RMAP audit. Of the 29 SORs not participating in/accepting the audit, 5 SORs were in communication with RMI



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about RMAP. RMI could not proceed RMAP with 3 SORs. We sent letters directly or indirectly to 21 SORs to request them to participate in the RMAP audit.

Cobalt Risk Assessment



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Cobalt Due Diligence Action and Number of SORs by Risk Level (as of 28 February 2023)

Risk Level	RMAP Audit Status	RMAP Conformant Status	Action	Nr of SOR
1	No SOR information reported EMRT rejected SOR disclosed/unknown		Ask the suppliers if they are willing to respond to our survey. We don't deal with the suppliers who are not willing. If they are willing but encounter any issues, we assist them resolve the issues.	-
2	Not Eligible (No longer in operation or not SOR)		Ask the suppliers to verify the current eligible SORs.	11
3	Eligible Not In Communication/Not Active/Not Conformant	Non-conformant (4) Mine location unknown (5) Covered countries and CAHRAs	Ask the suppliers to provide their due diligence plans. We don't deal with the suppliers who are not willing. Also request the smelters directly or indirectly to participate in RMAP unless RMI cannot proceed with RMAP.	24
4	Eligible In Communication	(6) Low-risk countries	Monitor the status and make sure the smelters become "Active".	5
5	Eligible Active		Monitor the status and make sure the smelters become RMAP conformant.	6
6	Eligible Conformant	Conformant	Monitor the status and make sure the smelters renew the conformant status before it expires.	35



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Cobalt mine locations of 35 RMAP non-conformant SORs are as follows:

1. Mine location is unknown or undisclosed: 6
2. Mine location is in the Democratic Republic of the Congo and its neighboring countries: 6
3. Mine location is on the EU's Conflict Affected and High-Risk Areas (CAHRAs) list: 0
4. RMAP non-conformant smelters with mine location not in the Democratic Republic of the Congo and its nine neighboring countries or EU's conflict affected and high-risk areas: 23

Cobalt Mine Location Risk of Non-conformant Refiners (as of 28 February 2023)

Cobalt Mine Location	Non-conformant total	Non-conformant Active	Non-conformant Not active
Mine location unknown / undisclosed	6	0	6
Covered countries of US Dodd-Frank Act	6	2	4
CAHRAs by EU regulation	0	0	0
Low risk countries	23	4	19

List of 3TG Smelters and Cobalt Refiners (Conformant and Active as of February 28, 2023) Identified by the 2022 Survey

https://www.nikon.com/about/sustainability/society-labor/supply-chain/rmap_list.pdf



STEP 5

Conclusion

In the 2022 surveys, we investigated whether sourcing of 3TG (tantalum, tin, tungsten, and gold) and cobalt could be a source of the risk of human rights violations, conflict, or social injustice not only in the Democratic Republic of the Congo and its neighboring countries but also in the areas on the Conflict Affected and High-Risk Areas (CAHRAs) list published by the EU. There were cases of responses not being received, smelter entry fields left blank, undisclosed entries, smelters not listed in the RMI reference smelter list, etc. Therefore, we cannot conclude that procurement partners provided sufficient information. As a result, within the scope of the 2022 surveys, we could not determine whether the target minerals contained in the surveyed products were not a source of such risks, either directly or indirectly.

Future measures to mitigate risks

- We intend to increase the number of business units targeted for the cobalt survey every year. Up to 2022, we conducted a cobalt survey on some products of the Digital Solutions Business Unit, the Industrial Metrology Business Unit, the Imaging Business Unit and the Glass Production Unit. (4 business units in total). We plan to add Healthcare Business Unit and Semiconductor Lithography Business Unit and Customized Products Business Unit in 2023 (7 in total), FPD Lithography Business Unit in 2024 (8 in total). This schedule completes one year ahead of what we had originally planned last year. We will manage this plan and measure as KPI.
- We will implement measures to improve the efficiency of Extended Minerals Reporting Template (EMRT) collection work.
- We will determine the minerals that are critical to our business, other than 3TG and cobalt, in the fiscal year 2023, identify smelters and mine locations of these minerals in the fiscal year 2024 and identify risks in the fiscal year 2025. If these minerals are not in the RMAP scheme, we will ask RMI to add those to the scheme or to cooperate with other recognized industry scheme, if available.
- By promoting the reuse and recycling of Nikon products, we will totally reduce the risk of sourcing/using newly mined minerals.
 - (1) Refurbishing and selling used lithography equipment and refurbishing projection lenses: In the Nikon Group, we have commercialized the service of reclaiming no-longer-used semiconductor



STEP 5

lithography equipment manufactured by Nikon from customers and performing recycling, parts replacement, adjustment, and installation for new customers in Japan and other countries. We are also working on extending the service life of lithography equipment by refurbishing or replacing projection lenses that are no longer able to maintain basic exposure performance due to deterioration from long term use at customer sites using Nikon's latest technologies.

- (2) Battery recycling: In the Japanese market, Nikon recycles the collected rechargeable batteries used in digital cameras and other products.
- (3) In the Nikon Group, we are promoting efforts to fulfill our obligation to collect and recycle Nikon products including digital cameras. We perform assessments at the product design phase to promote easy-to-disassemble designs, a reduction in the types of raw materials used, and active utilization of recycled resources. To date, we have registered to participate in collection organizations in more than 30 countries, and have established recycling systems in each country. Furthermore, as an initiative to promote the reuse of digital cameras collected from customers in Japan and other countries, we perform repairing and maintenance on them and sell them as refurbished products.

Nikon Sustainability Report 2022 "Materiality 4: Promoting Resource Circulation"

https://www.nikon.com/about/sustainability/report/2022/sr2022_14.pdf



STEP 5

Activities contributing to the DRC and its adjoining countries

The Nikon Group is aiming to improve the living conditions of conflict affected and high-risk areas around the world suffering from hunger. To achieve this goal, we made a donation worth about 37,000 meals to the school lunch program called "Red Cup Campaign" initiated by Japan Association for the World Food Programme who is a certified NPO for the United Nations World Food Programme (WFP), which is fighting hunger worldwide.

Compliance with the UK Modern Slavery Act

Link to Nikon Corporation Slavery and Human Trafficking Statement

<https://www.nikon.com/about/sustainability/society-labor/human-rights/>