



Nikon <sup>(th)</sup>  
100  
anniversary



# 2017 Nikon SUSTAINABILITY REPORT

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# About Sustainability Report 2017

## Editorial Policy

The Nikon Group aspires to be a company that can grow its business while contributing to the sustainable development of society. We hope to build strong relationships with stakeholders by sharing information about our basic approaches and initiatives proactively.

The PDF version of Sustainability Report 2017 references GRI guidelines and other outside sustainability reporting in disclosed information about our action policies, systems and various measures as they relate to Nikon's CSR materiality. A GRI Content Index is available in the PDF version to aid in searchability. Certain data has also received third-party assurance in order to enhance its credibility.

\* For information regarding the Group's policies on sustainability and other matters, please visit the official website.

\* Nikon's company website contains additional information on social contribution activities that does not appear in this report.

\* Nikon's management and financial information are disclosed on the Nikon Report and the company's Investor Relations web page (<http://www.nikon.com/about/ir/>).

[▶ Link to the company's Sustainability web page:](#)

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

## ■ Reporting Period and Boundary

### Reporting Period

April 1, 2016 to March 31, 2017  
(Information includes some activities that took part in and after April 2017)

### Boundary

Nikon: Refers to the Nikon brand or Nikon Corporation only

Group companies: Nikon's 82 consolidated subsidiaries

Nikon Group: Nikon Corporation and its consolidated subsidiaries

\* The boundary for environmental data is defined in the Nikon Group's Environmental Management Systems and Environmental Performance Data Boundary (P26). In other cases where a specific boundary is defined, details are clearly specified in each respective section.

\* Unless otherwise stated, the term "employees" includes Nikon Group executive officers, permanent and non-regular staff, contract workers, contract workers from staffing agencies, part-time employees, and temporary personnel.

## ■ References

- The Global Reporting Initiative's *Sustainability Reporting Guidelines G4*

## ■ Department Responsible for the Report and Contact Information

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[> Message from the President](#)

## Message from the President

# *Unlock the future with the power of light*



In July 2017 Nikon reached a significant milestone - its centennial anniversary.

For over a hundred years Nikon has produced a number of products to contribute to build affluent and happy societies offering the goods and services to customers across the world. We have undergone a number of transformations in our history – from manufacturing optical instruments to expanding our business to overseas with consumer products such as cameras, launching a semiconductor and FPD lithography systems business and shifting to digital cameras.

Today Nikon is in the midst of yet another major transformation. We aim to maximize the potential of “light” and “sight” to play a role of “industries’ vision” as we tap into innovative IoT (Internet of Things) and AI (Artificial Intelligence) technologies powered by high-speed, high-capacity transmission networks. We entered the retina diagnostic imaging equipment market and are working to establish a simple diagnostic technology that links the fundus camera with AI. I am convinced that this role as being ‘vision’ will enable Nikon to expand our horizon to better serve society.

We have seen revolutionary changes unfolding in the world of sustainability. We used to know little about environmental destruction or human rights abuses in remote countries. Today, such news circulates throughout the world. Nikon supports the UN Global Compact and addresses all issues centered on its principles of “human rights,” “labor,” “environment,” and



[> Message from the President](#)

“anti-corruption.” We strive to tackle emerging global challenges and to promote sustainable development.

The current focus for Nikon has been: addressing human rights risks in the supply chain, including modern slavery and conflict minerals; implementing “FUTURE IN FOCUS,” our global human resource management scheme to champion diversity and nurture capacity; and enhancing corporate governance. To further enhance our governance, we made the transition to be a company with an Audit and Supervisory Committee in 2016 and we increased the number of external directors up to more than one-third of board members in 2017. Incorporating diverse perspectives is vital for our business to take due notice of our stakeholders and society as a whole.

In my engagement with employees I emphasize three important qualities: “curiosity,” “acceptance” and “inspirational power.” Innovative technologies are less likely to develop in a homogeneous organization. To promote innovation, we must master these three competencies upheld in “Our Qualities of Mind” and build a workplace where employees with diverse background can achieve further growth. While this will open doors for Nikon to explore and expand new business opportunities, it is also to identify and to tackle various social challenges.

The adoption of the Sustainable Development Goals (SDGs) at the UN Summit confirmed the wide array of challenges for the world and that social responsibility companies ought to bear is increasing. I believe Nikon can contribute to the betterment of the world by exploring the potential of light, which is our unique

competency.

As we look to the next century we formulated a new Management Vision in July 2017 under our timeless philosophy of “Trustworthiness and Creativity.” We shall

## Our Vision

### *Unlock the future with the power of light*

Unleashing the limitless possibilities of light.  
Striving to brighten the human experience.  
Focused, with purpose, on a better future for all.  
THIS IS THE ESSENCE OF NIKON

## Our Qualities of Mind

### **Curiosity**

We show our passion for progress through a wide range of interests to cultivate fresh ideas.

### **Acceptance**

We warmly embrace diverse ideas and delight in differences among people and cultures.

### **Inspirational Power**

We share our ideas with infectious enthusiasm to effect positive change in the world.

continue to act with integrity and fairness and strive to brighten and embrace people in every corner of the world.  
Nikon will unlock the future with the power of light.

August 2017

> [Nikon Group Profile](#)

# Nikon Group Profile

## Corporate Information

<b>Name</b>	NIKON CORPORATION
<b>Head Office</b>	Shinagawa Intercity Tower C, 2-15-3, Konan, Minato-ku, Tokyo 108-6290, Japan Tel: +81-3-6433-3600
<b>Representative</b>	Kazuo Ushida, President and Representative Director
<b>Established</b>	July 25, 1917
<b>Capital</b>	¥65,475 million (as of March 31, 2017)
<b>Net Sales</b>	Consolidated: ¥748,891 million (Year Ended March 2017) Non-consolidated: ¥541,056 million (Year Ended March 2017)
<b>Employees</b>	Consolidated: 25,031 (as of March 31, 2017) * Permanent and non-regular employees of the Nikon Group, director of Group companies. Non-consolidated: 5,090 (as of March 31, 2017) * Permanent and non-regular employees, not including Nikon's employees temporarily assigned to other companies.

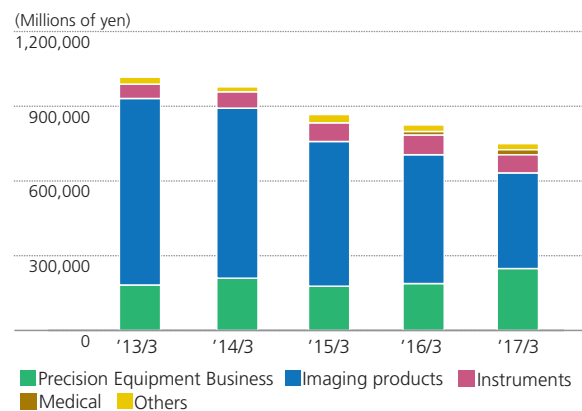
### Number of Group Companies by Region (Consolidated)

(as of March 31, 2017)

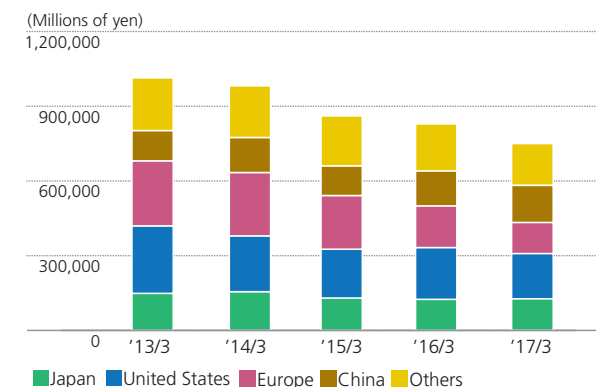
- Japan (excluding Nikon) 18 companies
- Europe 25 companies
- Asia/Oceania 25 companies
- Americas 14 companies

## Main Financial Data

### Sales Breakdown by Business (Consolidated)



### Sales Breakdown by Region (Consolidated)



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> [Nikon Group Profile](#)

## Business Domains

Since the company was established in 1917, Nikon provides a wide range of technologies, products and services globally by harnessing our advanced technologies, the core of which encompasses optoelectronics and precision technologies.

### Imaging Products Business

Continues expanding the possibilities of imaging through applying knowhow and camera technologies accumulated over Nikon's long history in the industry, as well as advanced digital imaging technology.

[Main products]

Digital cameras, film cameras, interchangeable lenses, speedlights, accessories, software, sport optics



### Precision Equipment Business

Supports the electronics-based society through the development and production of semiconductor lithography systems that produce semiconductors, as well as FPD lithography systems for manufacturing liquid crystal panels and OLED panels.

#### FPD Lithography Business

[Main products]  
FPD lithography systems

#### Semiconductor Lithography Business

[Main products]  
Semiconductor lithography systems



### Industrial Metrology Business and Others

Contribute to the evolution of science, technology, industry and society with our businesses' diverse products and technologies, ranging from everyday products such as ophthalmic lenses to cutting-edge technologies related to outer space and highly sophisticated industries.

#### Industrial Metrology Business

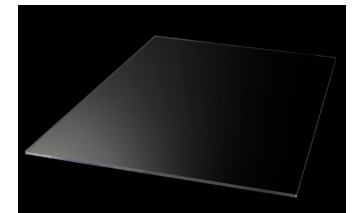
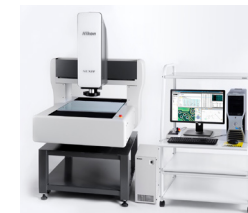
[Main products]  
Industrial microscopes, Measuring instruments, Xray/CT inspection systems, Surveying instruments

#### Customized Products Business

#### Glass Business

#### Encoders Business

#### Ophthalmic Lenses Business



### Healthcare Business

Providing various solutions to the bioscience and medical fields, Nikon contributes to improving people's quality of life all over the world.

[Main products]

Biological microscopes, Stereoscopic microscopes, Retinal diagnostic imaging equipment





# Our Approach to Sustainability

The Nikon Group stands committed to realizing a sustainable society under its corporate philosophy of Trustworthiness and Creativity.

## Nikon CSR and Sustainability

The Nikon Group's corporate social responsibility (CSR) making its corporate philosophy of "Trustworthiness and Creativity" a reality through its business activities and contributing to the sustainable development of society. Today, the world faces a number of serious issues, including environmental issues such as depletion of natural resources and climate change as well as labor and human rights issues in the supply chain. Companies will play an ever more important role in helping to resolve these issues. The Sustainable Development Goals (SDGs) established by the United Nations call on companies to exhibit creativity and innovation in resolving the issues facing our world.

Nikon celebrated its 100th anniversary on July 25, 2017. Over the past century, the Nikon Group has contributed greatly to the development of society by supplying products that make people happy. Looking forward, Nikon will utilize its technical prowess to satisfy the expectations of society, fulfill its social responsibilities, and contribute to the sustainable development of society.

### High-Level Policies on Management

The Nikon Group has revised the high-level policies of top management and renewed its management vision to commemorate Nikon's 100th anniversary.

[▶ Our Vision \(P4\)](#)

## ● Nikon Corporate Social Responsibility (CSR) Charter

Established April 27, 2007

Revised December 1, 2009 Revised February 1, 2013

### 1. Sound corporate activities

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

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

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

### 3. Respect for Human Beings

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

### 4. Protection of the Natural Environment

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

### 5. Responsibility to Society as a Corporate Citizen

The Nikon Group will carry out corporate activities that take into account the cultures and practices of each country and region and proactively engage in activities that contribute to society as a good corporate citizen.

### 6. Socially responsible behavior within the supply chain

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

### 7. Transparent Operating Activities

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

### 8. Responsibility of Top Management

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

# CSR Promotion System

We are carrying out initiatives to achieve a sustainable society by fulfilling the corporate social responsibilities of the entire Nikon Group using a system centered on the CSR Committee.

## The Nikon Group's CSR Promotion System

The Nikon Group has established the CSR Committee, which is chaired by the president and has members drawn from the Executive Committee, to promote sustainability initiatives across the Group. The CSR Committee convenes twice a year to set goals, receive progress reports on activities, issue directions for improvement as required, and make overarching decisions about sustainability activities. The Business Conduct Committee, the Environmental Committee, and the Supply Chain Subcommittee have also been established as subcommittees under the CSR Committee.

## CSR Promotion at Group Companies Outside Japan

We have assigned the supervision and promotion of CSR to each holding company outside of Japan in consideration of the characteristics of each region, including culture, customs and language, so as to advance uniform and consistent initiatives across the Nikon Group. We divide the geographic areas where we operate into five regions. CSR Committees consisting of Group company directors are established in each region, and CSR Communication Meetings consisting of CSR coordinators at each company.

Additionally, we convene the CSR Global Communication meeting once every year with representatives of CSR departments of each holding company where the progress of activities and social trends in each region are shared and discussed.

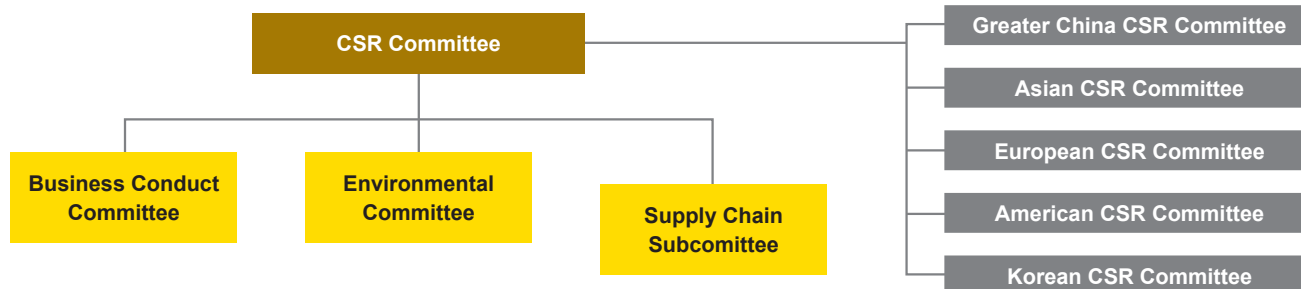
\* Greater China refers to China, Hong Kong and Taiwan. The Asia Region refers to countries in Asia excluding Greater China and Korea, Oceania, and the Middle East.

## Raising Awareness About CSR

The Nikon Group began publishing a CSR newsletter in fifteen languages to raise the CSR awareness of all Nikon Group employees. Each edition examines themes covering the four areas of the U.N. Global Compact, incorporates the views of CSR departments at regional holding companies, and contains articles geared toward Group employees outside Japan.

In the year ended March 31, 2017, we launched a special series about the SDGs in this newsletter. Also, given growing interest in the protection of personal information, we also added articles about information security. The CSR Committee invites outside experts to give presentations in order to share information about the latest CSR trends internationally with executive officers. The employee awareness survey conducted globally contains a question on awareness of the CSR newsletter. The survey results indicated 85.02% of employees are aware of the CSR newsletter, greatly exceeding the target of 70% or higher set for the year ended March 31, 2017.

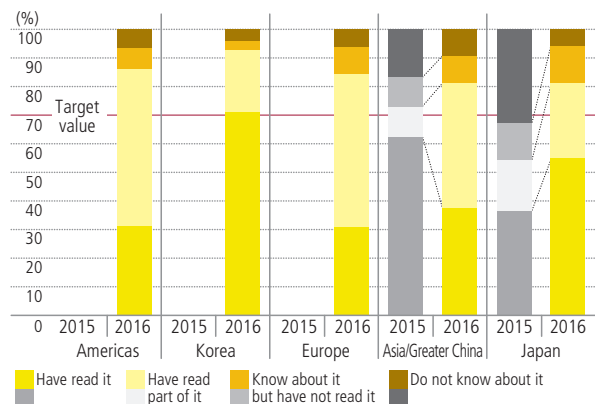
### CSR Promotion Organization (As of April 1, 2017)



CSR Newsletter

> Our Approach to Sustainability > CSR Promotion System > CSR Priority Issues > Stakeholder Engagement

**Results of the CSR Awareness Survey**



**Initiatives under the U.N. Global Compact**

Nikon became a signatory to the U.N. Global Compact in 2007. We respect the ten principles covering the four areas of human rights, labor, environment and anti-corruption.

**Main Achievements during the Year Ended March 31, 2017 Related to the Ten Principles of the U.N. Global Compact**

	Policy	Jurisdiction	Achievements
Human rights/ Labor	Nikon CSR Procurement Standards	Supply Chain Subcommittee	Conducted surveys of procurement partners based on the Nikon CSR Procurement Standards, carried out audits based on the results, and requested submission of improvement plans
	Policy on Conflict Minerals	Conference for Conflict Minerals	Conducted surveys on conflict minerals covering procurement partners
Environment	Basic Environmental Management Policy	Environmental Committee	Expanded coverage of the environmental management system to the entire Nikon Group, and implemented activities in accordance with the Environmental Action Plan
	Nikon Green Procurement Standards	Supply Chain Subcommittee	Conducted surveys and audits of procurement partners related to their environmental management systems
Anticorruption	Nikon Anti-Bribery Policy	Business Conduct Committee	Created guidelines for anti-bribery policies in each region as well as introduced these policies and provided training on them



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[Data Index etc.](#)

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## CSR Priority Issues

The Nikon Group establishes annual targets and implements initiatives after identifying and assessing the priority issues of its CSR.

### CSR Materiality Analysis

The Nikon Group analyzed its value chain in terms of social issues and mapped the resulting materiality. As a result, the CSR Committee finalized priority issues that the Nikon Group must focus its efforts on. Following these matters, departments in charge establish their own annual targets and promote activities.

Given changes in business environment, during the year ended March 31, 2016 we implemented activities to review our priority issues thus far. As a result, we became aware of the importance of linking these priority issues with our medium-term management plan. However, we decided to terminate our current medium-term management plan during the year ended March 31, 2017. Nikon is now examining how to best link its next medium-term management plan with its priority issues.

#### References used in preparing the CSR materiality map

- Value chain analysis
- Materiality Principle of the GRI Guidelines
- 7 core subjects of ISO 26000
- Materiality required by external rating agencies for ESG investments
- Materiality cited by leading companies and industry, etc.

#### ● CSR Priority Issues (Year Ending March 31, 2018)

Promotion of information security

Implementation of compliance activities

Ensure product quality and safety

Expansion and promotion of environmental management

Respect for human rights and labor practices, and promotion of diversity in the employees

Promotion of CSR activities in the supply chain

Promotion of community contribution activities

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> Our Approach to Sustainability > CSR Promotion System > [CSR Priority Issues](#) > Stakeholder Engagement

## Results for the Year Ended March 31, 2017 [Summary]

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

Priority issues	Targets	Results	Self-evaluation	Corresponding page
Development of a CSR infrastructure	- The awareness level of the CSR newsletter among Nikon Group employees: over 70% both inside and outside Japan	- The survey of Nikon Group employees conducted in the year ended March 31, 2017 found that more than 80% responded they had read the CSR newsletter	○	P9
Expansion and promotion of environmental management	* For environment-related results, please refer to the Environmental Action Plan Results for the Year Ended March 31, 2017 [ Summary].			P22
Implementation of compliance activities	- Introduce anti-bribery education at Nikon Group while starting the operation of anti-bribery guidelines	- Began operation of anti-bribery guidelines in all regions. And provided anti-bribery education to all targeted employees including Nikon's executive officers and also provided similar education to around 81 Group companies worldwide	○	P88
	- Establish and penetrate competition law training globally	- Provided competition law training at 34 Group companies outside Japan across all business lines. And providing training on the Anti-Monopoly Act at Nikon and 15 Group companies in Japan	○	P88
Respect for human rights and labor practices, and promotion of diversity in the employees	- Achieve 5% female ratio in management positions (by March 31, 2017) - Attain a 25% or higher female ratio in regular recruitment at Nikon (employment activities in the year ending March 31, 2017)	- The female ratio in management positions stood at 5.7% as of March 31, 2017, which is approximately 2.1 percentage points higher than the 3.6% at the time the target was first established - The female ratio hired in regular recruitment during the year ended March 31, 2017 was 29% (regular recruitment for 2017)	○	P59
Promotion of community contribution activities	- Encourage the employees to participate in community contribution activities and set employee participation as KPI	- Launched intranet site introducing volunteer activities and reported information regularly bimonthly - Established KPI of increasing the ratio of participation in community contribution activities compared to the trailing three year average that will take effect in the year ending March 31, 2018	○	P70
	- Promote the implementation of self-evaluations to encourage activities following the community contribution activities' policy Target: Implementation ratio 90%	- Implementation ratio of self-evaluations: 73.6%	△	P70
Promotion of CSR activities in the supply chain	[Green procurement] - A total of 375 certified partners	- Total number of partners certified to date: 407 companies	○	P47
	[CSR procurement] - Support corrective action of risk-having companies - Conduct CSR survey (200 companies) to select risk-having companies and take corrective measures (auditing three companies/improvement plans for 13 companies)	- Completed corrective measures from CSR survey conducted in the year ended March 31, 2016 (total of 13 companies) - Conducted CSR survey during the year ended March 31, 2017 (214 companies) and completed audits of three companies and requested improvement plans from 13 companies	○	P68
	[Dealing with the issue of conflict minerals] - Formulation of internal regulations in-line with OECD Guidance	- Created regulations and procedures and began using these at each business division	○	P69

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> Our Approach to Sustainability > CSR Promotion System > [CSR Priority Issues](#) > Stakeholder Engagement

### Targets for the Year Ending March 31, 2018 [Summary]

Priority issues	Targets
Development of a CSR infrastructure	- Review management and measures for improving ESG performance and increase rating in main external ESG evaluations
Implementation of compliance activities	- Evaluate risks globally taking into account business fields, business formats and regional risks and then conduct anti-bribery training for business divisions found to have high potential risks - Continue to provide the education globally once a year and establish competition law training in Nikon Group
Promotion of information security	- Request in writing that outsourcing partners handling important information of the Nikon Group secure information security
Ensure product quality and safety	- Number of serious product accidents* <sup>1</sup> related to safety: 0
Expansion and promotion of environmental management	* For environment-related targets, please refer to the Environmental Action Plan Target for the Year Ending March 31, 2018 [Summary].
Respect for human rights and labor practices, and promotion of diversity in the employees	- Increase to the female ratio in management positions at Nikon to 7% of the total by March 31, 2020* <sup>2</sup> - Ensure the female ratio hired in regular recruitment during the year ending March 31, 2018 is at least 25% (regular recruitment for 2018)
Promotion of CSR activities in the supply chain	[Green procurement] * <sup>3</sup> - Total number of certified environmental partners: 415 companies
	[CSR procurement] - Assist suppliers requested to take corrective action following the CSR survey in the year ended March 31, 2017 - Review and make improvements to all processes of surveys and assessments about CSR risk
	[Conflict minerals] - Expand scope of surveys
Promotion of community contribution activities	- Increase the ratio of participation in community contribution activities compared to the trailing three year average
	- Implementation ratio of self-evaluations to encourage activities following the community contribution activity plan: 90%

\*<sup>1</sup> Serious product accidents related to safety: pursuant to the definition of serious product accident stipulated in the Consumer Product Safety Act.

\*<sup>2</sup> 5.4% at the time the target was set on March 31, 2017

\*<sup>3</sup> Activities related to green procurement are found in items for realizing a healthy and environmentally-safe society under environmental management.



> Our Approach to Sustainability > CSR Promotion System > CSR Priority Issues > [Stakeholder Engagement](#)

## Stakeholder Engagement

The Nikon Group fosters two-way communication with its stakeholders through various methods and opportunities.

### Main Forms of Engagement with Stakeholders

Stakeholder	Methods of engagement
Customers	<ul style="list-style-type: none"> <li>- Call centers and service counters</li> <li>- Responses to customers by departments in charge of sales / services</li> <li>- Sharing of information via the website and other methods</li> <li>- Exhibitions / events, etc.</li> </ul>
Shareholders	<ul style="list-style-type: none"> <li>- General meetings of shareholders</li> <li>- News releases / public announcements via mass media and other methods</li> <li>- Publishing of various types of printed materials including NIKON REPORT, and interim / annual reports</li> <li>- Sharing of information via the website and other methods</li> <li>- ESG investment results briefings</li> <li>- Addressing ESG investments, etc.</li> </ul>
Employees	<ul style="list-style-type: none"> <li>- Sharing of information via company newsletter, the intranet, and other methods</li> <li>- Labor and management conferences, conferences with employee-elected representatives</li> <li>- Reporting / Consulting System</li> <li>- Monitoring of Group companies and conducting employee awareness surveys on human rights/labor practices, etc.</li> </ul>
Business partners	<ul style="list-style-type: none"> <li>- Dialogue through everyday business activities</li> <li>- Inspections of procurement partners' sites / feedback on the results</li> <li>- Briefings/questionnaire surveys for procurement partners</li> <li>- Confirming the establishment of environmental management systems (surveys/audits), etc.</li> </ul>
Society	<ul style="list-style-type: none"> <li>- Participation in local events</li> <li>- Cooperation with NGOs / NPOs in social contribution and other activities</li> <li>- Participation in economic and industry organizations</li> <li>- Consultations with governmental agencies, etc.</li> </ul>

### List of Main Affiliated Organizations related to CSR (As of March 31, 2017)

Organization Name
Council for Better Corporate Citizenship (CBCC)
Global Compact Network Japan
Business Ethics Research Center (BERC)
Japan Business Council in Europe (JBCE) CSR Committee and Environmental Committee
Japan NGO Center for International Cooperation (JANIC)
Conflict-Free Sourcing Initiative (CFSI)
JEITA Responsible Minerals Trade Working Group
Business for Social Responsibility (BSR) Human Rights Working Group
Joint Article Management Promotion-consortium (JAMP)

### List of Main Donations and Beneficiaries in Social Contribution Activities (As of March 31, 2017)

Organization Name	
Chiba University	Toyo Bunko
University of Tokyo	Japanese Foundation for Cancer Research
The Mitsubishi Foundation	The Mitsubishi Economic Research Institute
Japan Student Services Organization (JASSO)	Museum of Astronomical Telescopes
OISCA	EU-Japan Fest Japan Committee
Shanti Volunteer Association	Japan Professional Photographers Society
EDF-Japan	The Nature Conservation Society of Japan
The Seikado Foundation	Japan Association for the World Food Programme
Japan International Cooperation Agency	United Nations Information Centre (UNIC TOKYO)

\* Organizations receiving the largest donations

> Our Approach to Sustainability > CSR Promotion System > CSR Priority Issues > Stakeholder Engagement



## Evaluations from Stakeholder

The Nikon Group carries out CSR activities after engaging stakeholders and listening to their views.


### Other Evaluation Results (Year Ended March 31, 2017)

- ▶ Fieldmicroscope “EZ-Micro” receives the “Good Design Long Life Design Award” (November 2016)  
[http://www.nikon.com/news/2016/1101\\_gooddesign\\_01.htm](http://www.nikon.com/news/2016/1101_gooddesign_01.htm)
- ▶ Two Nikon products—the D5 and D500 digital SLR cameras receive the Red Dot Award: Product Design 2016 (April 2016)  
[http://www.nikon.com/news/2016/0418\\_award\\_01.htm](http://www.nikon.com/news/2016/0418_award_01.htm)


### Inclusion in ESG Investment Index (As of July 3, 2017)

ESG Investment Index	Selected/Overview
 FTSE4Good	Selected: Since 2004 The FTSE4Good Index Series is designed by FTSE Russell, wholly owned by London Stock Exchange Group, to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices.
	Selected: Since 2010 The Morningstar Socially Responsible Investment Index (MS-SRI) is the first socially responsible investment index in Japan. Morningstar Japan K.K. selects 150 companies from among approximately 3,600 listed companies in Japan by assessing their social responsibility, and converts their stock prices into the index.
	Selected: Since 2011 ECPI is a company based in Italy and Luxembourg, and produces research, ratings and indices on companies' ESG performance.
MSCI ESG Leaders Indexes	Selected: Since 2014 The indexes, formerly known as MSCI Global Sustainability Indexes, comprise companies with high ESG ratings in their industry sectors.


\*1 A newly developed index that has been selected as an investment target by the Government Pension Investment Fund, or GPIF.

ESG Investment Index	Selected/Overview
 FTSE Blossom Japan Index *1	Selected: Since 2017 FTSE Blossom Japan Index is designed to reflect the performance of Japanese companies with excellent track records in terms of ESG.
MSCI Japan ESG Select Leaders Index *1	Selected: Since 2017 MSCI Japan ESG Select Leaders Index selects companies from various sectors with excellent ESG practices from among the top 500 Japanese stocks in terms of market capitalization.
MSCI Japan Empowering Women Index *1	Selected: Since 2017 MSCI Japan Empowering Women Index selects companies from various sectors with excellent gender diversity from among the top 500 Japanese stocks in terms of market capitalization.

### Rating Evaluation (As of March 31, 2017)

Rating	Evaluation/Overview
 DBJ Environmental Ratings	Evaluated: Since 2016 Nikon acquired the highest certification level of the environmental ratings given out by the Development Bank of Japan and received financing based on this assessment. Additionally, Nikon was recognized with a special award for its excellence. The DBJ Environmental Ratings evaluate environmental management based on a rating system developed by the DBJ to select leading companies and provides the world's first financing plans that implement a specialized method of environmental rating to set financing terms according to the rating.

### Commendations (Year Ended March 31, 2017)

Commendations	Overview
 RobecoSAM Sustainability Award Industry Mover 2017	RobecoSAM Sustainability Award Industry Mover is presented to companies that have greatly improved their score over the previous year and are among the top 15% in their industry in terms of corporate sustainability assessments conducted by RobecoSAM annually.

> [Product Responsibility Initiatives](#)

# Product Responsibility

We will contribute to the development of society and live up to our customers' expectations by providing products that are high in quality, safe, and environmentally friendly through the manufacture of creative and efficient products.

## Activity Policies

- Basic Quality Policy
- Quality Control Directive (QCD)

## Organization & Management System

- Quality Control Committee

## Relevant Priority Issues

- Ensuring Product Quality & Safety

## Product Responsibility Initiatives

The Nikon Group provides products and services based upon the concepts of “Customer Focus” and “Quality First.”

### Product Quality Control

#### Our Policy on Quality Control

The Nikon Group has established a Basic Quality Policy with the idea to contribute to the healthy development of society by supplying goods (products and services) that go beyond our customers' expectations. In order to carry through on this policy we have drawn up a Quality Control Directive (QCD), and for each business unit (including Group companies), we have created a Quality Manual (QM) based on the QCD.

#### Quality Management System

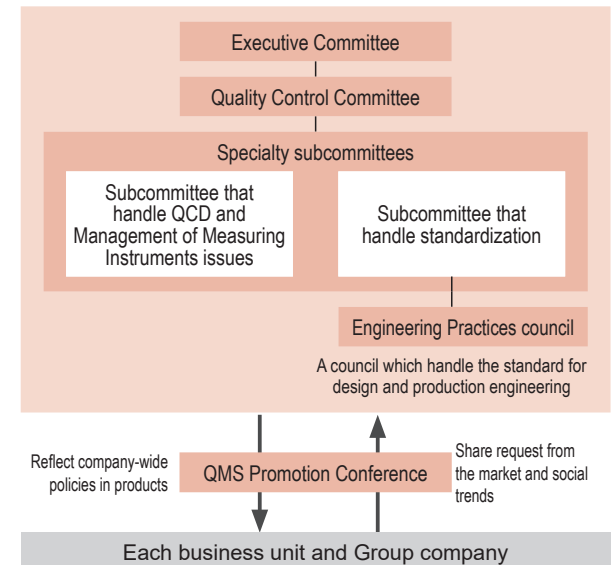
As an organization that deliberates and decides on important matters related to quality management of the entire group, such as amendments to the QCD, the Nikon Group has established a Quality Control Committee chaired by a quality control director with the general managers of each division and business unit, etc. as its committee members. Furthermore, we have two specialty subcommittees under its umbrella. Decisions made at the Quality Control Committee are shared at the QMS Promotion Conference which is held twice a year as a forum for exchanging information among all the business units. We are working to strengthen the Quality Management System by revising the QM of each business unit where necessary and following through on any decisions made at the Quality Control Committee.

#### Basic Quality Policy

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

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

#### Image Diagram of Quality Management System





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Data Index etc.

[> Product Responsibility Initiatives](#)**■ ISO 9001 Certification**

Every business unit of the Nikon Group acquires ISO 9001\* certification where necessary, and always strives to further improve on quality.

\* ISO 9001

An international standard of quality management system established by the International Organization for Standardization (ISO). The ISO 9000 series is a quality management system for organizations to maintain and manage quality. ISO 9001 certification can be obtained from an officially recognized body.

**■ Working with our Business Partners**

Recognizing that cooperation with our business partners is essential, in order to promote efforts towards prioritizing on quality and based on their understanding of the Nikon Group's philosophy of "Quality First," we have entered into a quality assurance agreement with our partners working with us on supply and product development. Furthermore, we invite our business partners to participate in the Quality Month Lecture, held at the Nikon Head Office once a year, to help our partners deepen their understanding of the "Quality First" concept.

In the year ended March 31, 2017, a senior researcher at Honda R&D Co., Ltd. was invited to lecture on the theme of Commitment to Quality and Product Development. 89 Nikon Group (in Japan) directors and employees, and 41 business partners attended this successful lecture meeting.

**■ Quality Training and Raising Awareness**

The Nikon Group considers the acquisition of relevant knowledge and skills to be vital in quality management for all its employees and so we actively conduct in-house training and raising awareness programs with regards to quality. More specifically, the Quality Management Section of the Quality and Environmental Management Division regularly holds over 40 programs each year with approximately 600 employees participating. Speciality training related to their specific area of business is carried out in each business unit.

**Quality Education Program for Employees**

Program in Japan:

- Basic Quality Control Course: Basic QC Class, CS Class, PL Class
- Quality Improvement Activity Course: QC Leaders Class
- Technical Course: Quality Engineering Class

Worldwide Program:

- Quality Control Techniques Course: Training for Internal Quality Auditors

**■ Implementation of Quality Control Audits**

The Nikon Group conducts a QCD audit, which is a company-wide quality control audit based on the QCD, and investigates, confirms and evaluates the operational status of quality management throughout the entire group. These audits are overseen by the Chairman of the Quality Control Committee (the director in charge of quality) who promptly acts to implement measures to rectify and improve upon any improper situations should they arise, thereby maintaining and improving activities related to quality control. Additionally, important findings are reported to the Executive Committee and reflected in internal controls.

In the year ended March 31, 2017, audit check sheets were reviewed so as to acquire a more accurate understanding of the situation. These check sheets were then used to audit three Nikon departments and seven major Group companies.

In terms of our business partners, periodic self-checks take place and we carry out audits and suggestions for improvement based on the results of these checks, while surveys and audits based on a quality assurance survey table prior to any dealings are also conducted.

**Ensuring Safety of Products and Services**

The Nikon Group gives due consideration to the safety of products and services from the planning stage right through the entire life cycle of the product.

We are aiming for no serious product accidents relating to safety\* for the year ending March 31, 2018.

\* Serious product accidents related to safety: pursuant to the definition of serious product accident stipulated in the Consumer Product Safety Act

**■ Views and Management Structure Regarding the Safety of Products and Services**

When it comes to quality, the Nikon Group understands that safety is an essential component for products and services. "Ensuring safety" is clearly stated as a key feature of the Basic Quality Policy, and is also incorporated into the QCD and regulations for each business unit. In addition, we are obliged to conduct safety assessments for all of our products and services. In line with the established Safety Design Principles which are based on international standards etc., we are ensuring safety through design reviews and checks in the manufacturing process while carrying out safety designs to pin point and eliminate any potential risks and dangers. We also obtain safety accreditation from third party certification bodies where necessary.

> [Product Responsibility Initiatives](#)

■ **Safety Training on Products and Services**

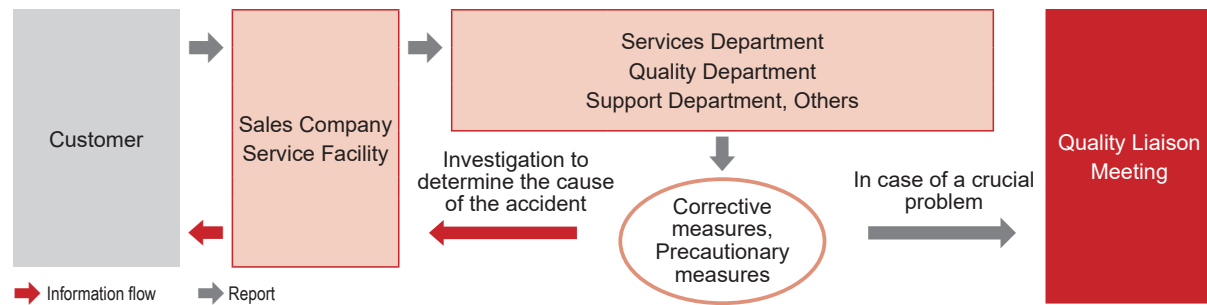
The Nikon Group conducts safety training programs (general and specialty) for employees to ensure the safety of products and services. The Quality Administration Section of the Environmental & Technical Administration Department is in charge of training, overseeing approx. 10 programs held regularly throughout the year, with specialized programs consisting of Safety Design Principles (General, EMC, Laser Radiation), Product Liability Law, and Electrical Appliance and Material Safety Law, etc.

In addition, each business unit also conducts training on safety rules and regulations, and encourages participation in external training on safety design technology.

■ **Procedure in Case of an Accident**

The Nikon Group carries out planning, design, manufacturing, quality assurance, sales, logistics, and services with sufficient consideration to product safety. However, in the unlikely event that a safety-related problem should occur, we would immediately collaborate with relevant departments to confirm the facts and promptly take necessary measures in line with the response procedure. We would then disclose all information to prevent any similar incident from happening again. With regards to the sharing of problems, including those on quality, with each production plant in the Nikon Group, and the development of measures to prevent recurrence of any problems, we are striving to further improve safety and quality and keep quality assurance managers at each factory up-to-date with detailed information at regular meetings.

**Flowchart outlining response when accidents occur in imaging products business**



> [Product Responsibility Initiatives](#)

■ **Information for Using our Products Safely**

So that customers may use our products and services in a safe manner, the Nikon Group provides information on correct use, and information to help safeguard against accidents due to misuse or carelessness, through displaying information directly on the products themselves and in instruction manuals. Information which needs to be disclosed is stipulated in the Safety Design Principles, and its suitability is confirmed through product risk assessments and safety evaluations.

Additionally, certification marks are displayed properly in accord with the laws and regulations of each country or region where the product is on sale. For example, products with built-in wireless LAN show symbols which are specified by the radio laws of each country; and batteries, chargers, AC adapters, etc. all comply with national safety regulations.

In the year ended March 31, 2017, there were no violations of any laws or self-regulations with regards to displaying safety information.



Displayed on the Nikon FX Format Digital SLR Camera D5



Displayed on the Li-ion Rechargeable Battery EN-EL15

**Column**

**Warning Concerning Accidents Caused by Counterfeit Batteries**

Counterfeit items such as Li-ion rechargeable batteries for Nikon digital cameras, battery chargers, AC adapters, etc. are circulating in the marketplace. These counterfeit products are not fitted with any safety mechanisms or safeguards. These products not only compromise camera performance when used, but may also lead to excessive battery heat, leakage, explosion, and fire, etc. Furthermore, the camera may become damaged, and in worst case scenarios there is a danger customers may be burned or otherwise injured.

In order to prevent such accidents the Nikon Group provides warnings with regards to counterfeit products. Since 2007 we have been making it easy for consumers to distinguish between counterfeit goods and genuine products through our website, and we are continually working hard to create an environment where customers can use our products safely and without incident.



An example showing a genuine Li-ion Rechargeable Battery EN-EL12 (left) and counterfeit (right)

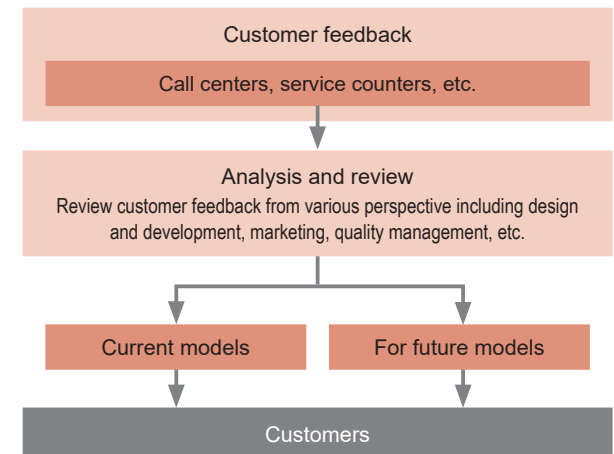
**Customer Satisfaction**

The Nikon Group strives to improve customer satisfaction and trust by providing products and services that are of the highest quality and safety, and which are beneficial to society.

■ **Product Development Utilizing Customer Feedback in the Imaging Products Business**

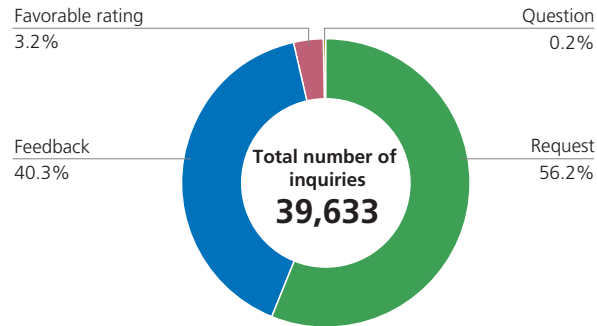
At the Nikon Imaging Products Business, feedback is received from general and professional users worldwide through call centers and service counters. After analyzing this feedback, the product development and design department, the marketing department, and the quality assurance department, etc. examine these opinions from different perspectives with the results reflected in better products and services. In this way we are working to provide more satisfaction for our customers.

**Customer feedback flowchart (Imaging Products Business)**



> [Product Responsibility Initiatives](#)

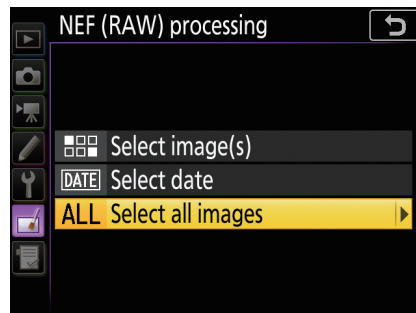
**Breakdown of Call Center Inquiries (Japan / Year Ended March 31, 2017)**



**How Customer Feedback is Utilized in the Imaging Products Business**

**A request for in-camera RAW processing**

Since it is extremely difficult to process RAW images in the camera one by one on the same setting, we had a request from a customer saying they wanted to be able to process multiple RAW images under the same setting. Nikon therefore made it possible to develop multiple images collectively in the Nikon Digital SLR Camera D7500 in APS-C format with built in RAW processing, released in June 2017.



RAW processing screen shot

**Initiatives to Improve Services in the Imaging Products Business**

Always conscious of maximizing customer satisfaction, the Imaging Products Business is promoting a range of initiatives to provide customers with an even higher level of service.

For example, we have set up repair centers and direct touch points (service counters) all over the world so that more customers feel 'in touch' with our products. As of the end of March 2017, we have completed more than 300 of these facilities in 70 countries and regions around the world.

Furthermore, in order to improve our level of service, we hold service center meetings where service managers converge from various places around the world each year. Success stories are shared and problems are overcome at these meetings where managers set global common goals, check progress, and exchange all the latest information. We are also working to develop human resources so that we can provide a higher level of service in every country and region. Training staff are dispatched from Japan to other countries and from overseas to Japan, in order to conduct training seminars for service staff all over the world. In addition to this, we are implementing an e-learning program to learn about necessary basic knowledge such as optics and lenses, with service staff and distributors from each country in attendance.

As a new initiative since November 2016, we have been providing Service Packs (at a fee) where customers can bring in their cameras to the Nikon Plazas in Shinjuku, Ginza, Nagoya, Osaka, and Sendai\* for checking and cleaning of the camera and lenses, etc. Since we began offering this service it has been utilized approx. 16,000 times up until the end of March 2017, making it a very popular initiative of ours.

\* Nikon Plaza Sendai ceased this service on March 31, 2017.



Service center meeting



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## Universal Design Initiatives

The Nikon Group has reflected the concept of Universal Design (UD) into its product manufacturing so that people of all ages and abilities are able to use its products. The design department of the Imaging Products Business has been making great efforts to further its knowledge through such initiatives as inviting experts in the field of human engineering to give in-house workshops as well as dispatching employees to HCD-Net\*. Additionally, the department has accumulated a great deal of know-how from customer needs analysis and usability tests, plus guidelines have been created within the department to standardize design rules.

\* HCD-Net (a nonprofit organization for the advocacy and promotion of Human-Centered Design) is an organization aimed at enlightening and disseminating the concept of Human Centered Design (HCD)

### Examples of Products Harnessing Universal Design

#### Case 1: Making it easy for anyone to see

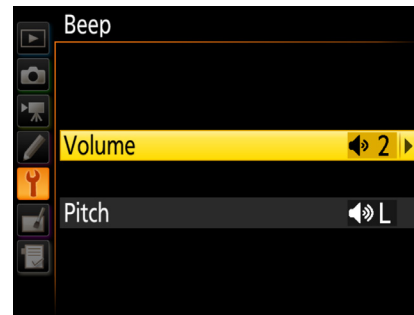
A color perception simulation was carried out as an integral check for the design of digital camera screens. In order to ascertain easily identifiable colors which everyone can see, we evaluate the coloration of the camera screen by using goggles that show us how different people perceive various colors.



Using goggles in the color perception simulation

#### Case 2: Making it easy for anyone to hear

Frequencies which can be easily heard change depending on age. The Digital SLR Cameras D800 and D5500, etc. make it possible to adjust the pitch (frequencies) from the camera screen menu.



Screen shot showing how the volume and pitch can be changed

# Environmental Management

Nikon Group believes that co-existence and co-prosperity with the environment is one of management's most important tasks. We contribute to helping build a sustainable society by steadily implementing environmental activities with an eye on several decades into the future.

## Activity Policies

- The Nikon Basic Environmental Management Policy
- Nikon Long-term Environmental Vision

## Management System

- Environmental Management System
- ISO 14001
- Nikon Eco Program

## Relevant Priority Issues

- Expansion and promotion of environmental management

## Three Pillars of the Nikon Long-term Environmental Vision

- Realizing a Low-carbon Society
- Realizing a Resource-circulating Society
- Realizing a Healthy and Environmentally-safe Society

## Nikon Environmental Management

The Nikon Group is conducting activities based on the Nikon Basic Environmental Management Policy in order to pass on a sustainable and healthy planet to future generations.

### Basic Approach to Environmental Management Activities

In recent years, a number of international frameworks aimed at building a sustainable society have been put into place, such as the SDGs and COP21 Paris Agreement, because of the rising worldwide risks posed by climate change. As a result, companies are expected to play a much bigger role than ever before in terms of their environmental management. The Nikon Group conducts environmental activities aiming for the development of a sustainable society. We have formulated the Nikon Long-term Environmental Vision, the Medium-term Environmental Goals, the Nikon Three-year Environmental Plan and the Environmental Action Plan and conduct our environmental activities systematically. We clarify the relationship between the environment and our business activities in order to make an accurate assessment of the impacts and risks posed to the environment and develop environmental goals and plans based on these priorities.

▶ [The Nikon Basic Environmental Management Policy](http://www.nikon.com/about/sustainability/environment/environment_policy.pdf)  
[http://www.nikon.com/about/sustainability/environment/environment\\_policy.pdf](http://www.nikon.com/about/sustainability/environment/environment_policy.pdf)

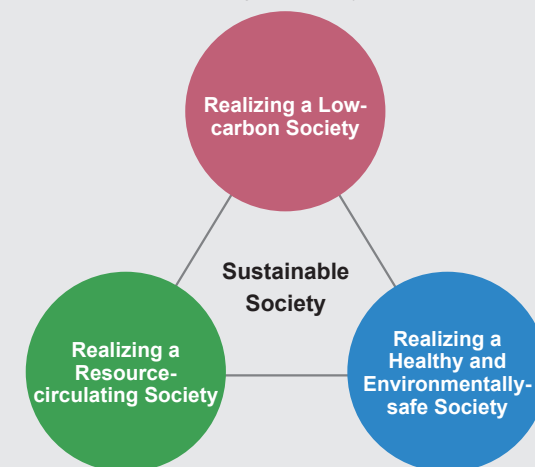
### Formulation of Long-term Environmental Vision and Medium-term Goals

Physical risks and regulatory risks related to climate change as well as water and other resources are growing globally and we recognize that these are management risks. At the same time, relevant laws and ordinances are

becoming more rigorous as the demands for management of chemical substances become more stringent. To proactively address these risks and regulations, in April 2016, we formulated the Nikon Long-term Environmental Vision, which looks ahead to the next several decades. The Nikon Long-term Environmental Vision comprises three pillars believed to be particularly important given the situation globally and considering the characteristics of Nikon's business that uses limited resources to manufacture and sell products.

### ● Nikon Long-term Environmental Vision

The Nikon Group contributes to building a sustainable society by positioning the realization of a low-carbon society, a resource-circulating society, and a healthy and environmentally-safe society as the Long-term Environmental Vision based on the Nikon Basic Environmental Management Policy.



## ■ Medium-term Environmental Goals

The Nikon Group has defined its initiatives up until 2030 in the Nikon Medium-term Environmental Goals to realize the Nikon Long-term Environmental Vision. The targets laid out for each individual pillar are presented below.

### Medium-term targets for realizing a low-carbon society

- Reduce CO<sub>2</sub> emissions throughout the entire supply chain by 26% compared with the fiscal 2013 level.
- Strive for technological development that is conducive to climate change measures.

### Medium-term targets for realizing a resource-circulating society

- Make efforts throughout the product life cycle to achieve a resource-circulating society considering the impacts that products have on the environment from the initial planning stage
- Work to further increase the resource efficiency and strive to reduce waste by increasing the usage of resources with fewer environmental impacts during business activities

### Medium-term targets for realizing a healthy and environmentally-safe society

- Aim to maintain the natural environment of communities and provide a comfortable living
- Comply with the laws, ordinances and regulations of the countries and regions where we operate and also establish our own voluntary targets to ensure the appropriately manage the use of chemical substances

## Nikon Three-year Environmental Plan and the Environmental Action Plan

The Nikon Group has established the Nikon Three-year Environmental Plan running from the year ended March

## Environmental Action Plan Results for the Year Ended March 31, 2017 [Summary]

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

Priority Activity Themes			Targets for the Year Ended March 31, 2017	Results	Self-evaluation	Corresponding
Low-carbon society	Business facility environment	Greenhouse gas reduction (CO <sub>2</sub> emissions from energy use)	- Total CO <sub>2</sub> emissions from Nikon and Group companies in Japan: 131 thousand t-CO <sub>2</sub> or less - Nikon Imaging (China) Co., Ltd. and Nikon (Thailand) Co., Ltd.: More than 10% improvement in the rate of unit of output from the average for the year ended March 31, 2006 to the year ended March 31, 2008	- Nikon and Group companies in Japan : 121 thousand t-CO <sub>2</sub> - Nikon Imaging (China) Co., Ltd. and Nikon (Thailand) Co., Ltd.: -0.4% improvement in the rate of unit of output	△	P36
	Product environment	Reduction of the environmental load from products (Improvement of resource efficiency)	- Promote environmental impact assessment that uses the LCA methodology	- Completed LCA calculations on the most popular products of each business division and assessed the environmental impact of these products.	○	P31
		Measures for logistics	- Expand the scope of visualization of CO <sub>2</sub> emissions (Asia) - Improve the loading ratio of international logistics, and promote modal shifts and direct delivery (Microscope Solution/Industrial Metrology) - Continuously carry out measures regarding logistics in Japan (eco drive, etc.)	- Calculated our CO <sub>2</sub> emissions in China  - Promoted modal shifts. 13.96% reduced the airfreight (ratio in weight)  - Continued measures regarding logistics in Japan	○	P38
Resource-circulating society	Business facility environment	Waste Reduction (Zero emissions)	- Group manufacturing companies in Japan: Maintain level S - Nikon Imaging (China) Co., Ltd.: Maintain level 1 - Hikari Glass (Changzhou) Optics Co., Ltd. - Nanjing Nikon Jiangnan Optical Instrument Co., Ltd.: Achieve level 1	- Group manufacturing companies in Japan: maintained level S - Nikon Imaging (China) Co., Ltd: maintained level 1 - Hikari Glass (Changzhou) Optics Co., Ltd. and Nanjin Nikon Jiangnan Optical Instrument Co., Ltd.: Achieved level 1	○	P42
		Waste Reduction (excluding valuable resources)	- Nikon and Group manufacturing companies in Japan: Not exceed the last three-year moving average of emissions	- 3,363 tons (8.2% reduction compared to the last three-year moving average of 3,662 tons)	○	P42
	Product environment	Conservation of forest resources	- Promote FSC-certified paper use for paper items with the Nikon logo	- Promoted FSC-certified paper use for newly published product catalogues in Japan	○	P44
Healthy and environmentally-safe society	Business facility environment	Local environmental activities	- Improve participation ratio in local environmental activities - Create activity plans on biodiversity conservation	- Improved the participation ratio in local environmental activities by Nikon employees to 12% from 10% last year - Expanded publicity by renewing the reporting page on the Nikon internal website - Participated in the biodiversity working group of four electrical and electronic equipment associations. Established an activity plan	○	P29
	Product environment	Reduction of Hazardous Chemical Substances	- Maintain compliance to hazardous chemical substance laws of each country(RoHS, REACH, etc.)	- 100% conformity with hazardous chemical substances laws and regulations (RoHS, REACH, etc.)	○	P46
Others	Environmental management system (EMS)		- ISO 14001 multi-site certification - Acquisition of Nikon Lao Co., Ltd. certification	- Nikon supported Nikon Lao Co., Ltd. for obtaining ISO 14001 certificate. No non-conformity was found during the certification audit - Received certification document on October 28, 2016	○	P24

\* The CO<sub>2</sub> emission factors are the weighted average values of the actual emission factors between the year ended March 31, 2006 and the year ended March 31, 2008.

31, 2017 to the year ending March 31, 2019 with the goal of achieving medium-term environmental targets. We have positioned the first year of this three year plan as our Environmental Action Plan and are implementing this plan across the

entire Nikon Group.

We also modify our activities for the following years based on the issues that are identified from the Environmental Committee's deliberations and approval of the self-evaluation results.

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> [Nikon Environmental Management](#) > Environmental Management Promotion System > Realizing a Low-carbon Society > Realizing a Resource-circulating Society > Realizing a Healthy and Environmentally-safe Society

**Environmental Action Plan Targets for the Year Ending March 31, 2018 [Summary]**

Priority Activity Themes			Targets for the Year Ending March 31, 2018
Low-carbon society	Business facility environment	Greenhouse gas reduction (CO <sub>2</sub> emissions from energy use)	- Carry out activities to reduce GHG emissions 5.85% or more compared to the year ended March 31, 2014 by the year ending March 31, 2020
	Product environment	Reduction of the environmental load from products (Improvement of resource efficiency)	- Promote environmental impact assessment that uses the LCA methodology - Reduce CO <sub>2</sub> emissions in the product life cycle (reduction targets to be established by each business unit)
		Measures for logistics	- Expand the scope of visualization of CO <sub>2</sub> emissions - Improve the loading ratio of international logistics and promote modal shifts - Increase efficiencies of logistics routes in Japan
Resource-circulating society	Business facility environment	Waste reduction (Zero emissions)	- Nikon and Group manufacturing companies in Japan: Maintain level S - Group manufacturing companies in China: Maintain level 1
		Waste reduction (excluding valuable resources)	- Nikon and Group manufacturing companies in Japan: Not exceed the amount of previous fiscal year
	Product environment	Conservation of forest resources	- Promote FSC-certified paper use for newly printed paper items with the Nikon logo
Healthy and environmentally-safe society	Business facility environment	Local environmental activities	- Improve participation ratio in local environmental activities - Carry out biodiversity conservation activities based on the plan established in the year ended March 31, 2017
	Product environment	Reduction of hazardous chemical substances	- Maintain compliance to hazardous chemical substance laws of each country (RoHS, REACH, etc.)

> Nikon Environmental Management > [Environmental Management Promotion System](#) > Realizing a Low-carbon Society > Realizing a Resource-circulating Society > Realizing a Healthy and Environmentally-safe Society

# Environmental Management Promotion System

We clarify the relationship between our businesses and the environment as well as the effects on biodiversity and carry out business activities that are environmentally friendly based on our Environmental Committee-centered Environmental Management System.

## Environmental Management System

The Nikon Group has rolled out its environmental management system across every one of its companies. Environmental issues are reported to the Board of Directors

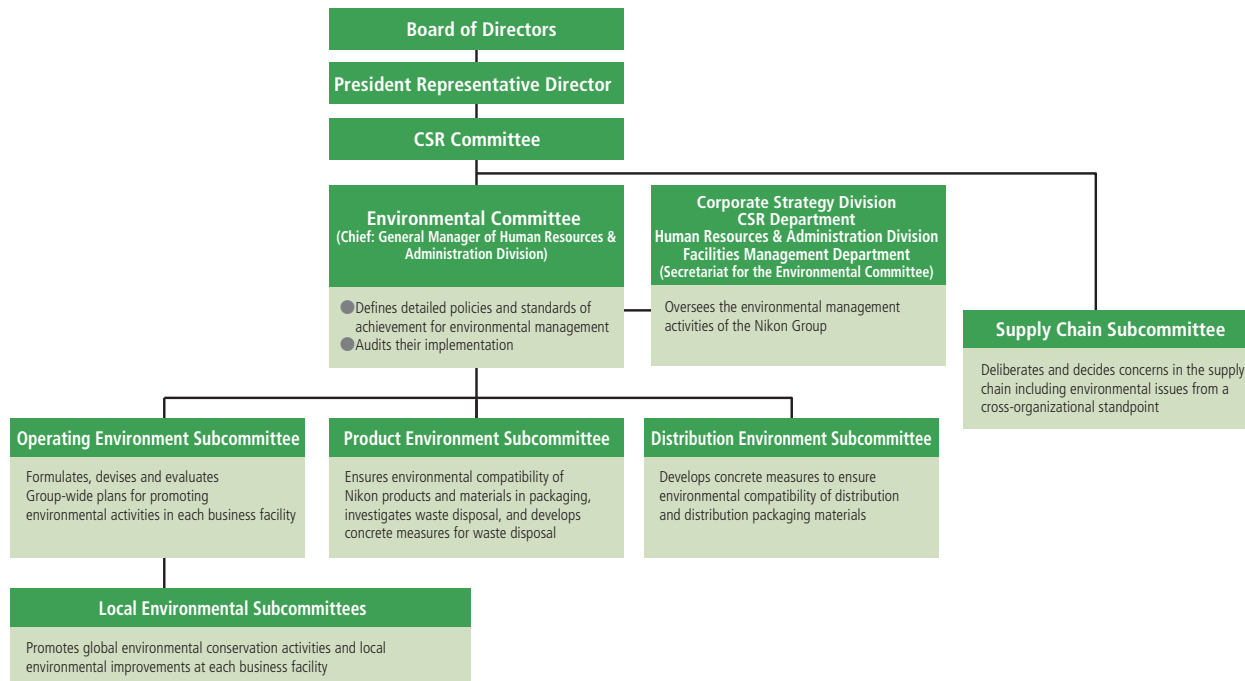
after they are deliberated by the CSR Committee. In the year ended March 31, 2017, we were given no fines and no sanctions for violation of environmental laws, and we received no complaints regarding environmental impacts.

### Utilization of ISO 14001 Certification

The Nikon Group conducts environmental management that utilizes ISO 14001 and encourages the acquisition of global multi-site ISO 14001 certification. In the year ended March 31, 2017, Nikon Lao Co., Ltd. obtained ISO 14001 certification. This was made possible by the leadership of the plant's general manager and the cooperation of environmental staff working for Nikon (Thailand) Co., Ltd. This marks the first ISO 14001 certification of any organization within the Savan-Seno Special Economic Zone where Nikon Lao Co., Ltd. is located.

Furthermore, the Nikon Group is advancing preparations for obtaining ISO 14001 certification under the newly revised standard of 2015 (ISO 14001: 2015) during the year ending March 31, 2018. The new standard (ISO 14001: 2015) includes the requirement "Actions to address risks and opportunities." This requires that we not only identify conventional risks as threats, but also consider and examine them as opportunities as well. The Nikon Group uses the ISO 14001 system and promotes environmental management by introducing mechanisms for mitigating environmental impacts while clarifying both the internal and external circumstances.

Environmental Management Organization Chart (As of June 29, 2017)



Waste sorting poster displayed at Nikon Lao Co., Ltd.



## ■ Performing Internal Audits

We regularly conduct internal audits, at least once a year, to verify the conformity with ISO 14001 within the Nikon Group. Audits also check the improvement of performance. In the event that problems are identified during the audit process, the departments involved take corrective measures and promote improvements. We have also installed training with the purpose of cultivating internal auditors to maintain and improve the quality of our internal audits, which were performed five times (total 128 persons) in the year ended March 31, 2017.

We also conducted training on laws and regulations related to the environment for all employees in Japan, which was held four times (total 77 persons) in the year ended March 31, 2017. Furthermore, we are organizing extra training at the request of local environmental subcommittees. These courses are given by qualified in-house lecturers.

## ■ Nikon Eco Program

We have also introduced the Nikon Eco Program for our non-manufacturing facilities inside and outside Japan that have low environmental impacts. There are two levels (standard and basic) in the Nikon Eco Program, which makes it possible for the facilities to implement environmental activities more easily. The standard level requires goals to be set for the reduction of environmental impacts, efforts to achieve those goals, and improvement and enhancement of activities while repeating the PDCA cycle. The basic program level visualizes the environmental impacts and conduct activities related to the environment. We have completed the introduction of the standard level at all applicable business facilities in Japan and at large non-manufacturing facilities outside of Japan. At all other business facilities, the basic level has been introduced to steadily visualize environmental performance data.

### Nikon Environmental Management Tools

Environmental Management Tools		ISO 14001	Nikon Eco Program Standard (NEPS)	Nikon Eco Program Basic (NEPB)
Business facilities where in use		Manufacturing facilities and certain non-manufacturing facilities	Relatively large non-manufacturing facilities	Small non-manufacturing facilities
Details of activities	- Environmental impact assessment - Compliance assessment - Internal audits - Corrective actions - Preventive actions - Management review etc.	○	—	—
	- Setting of environmental targets - PDCA	○	○	—
	- Environmental education activities - Collection of environmental impact data	○	○	○

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**Boundary of the Nikon Group's Environmental Management Systems and Environmental Performance Data (Year Ended March 31, 2017)**

Company		Classification for Tabulating Environmental Performance Data		Environmental Management Systems
I	Nikon Corporation	A*2	Environmental performance data tabulated	ISO 14001
	Tochigi Nikon Corporation			
	Kurobane Nikon Co., Ltd.*1			
	TNI Industry			
	Sendai Nikon Corporation			
	Miyagi Nikon Precision Co., Ltd.			
	Tochigi Nikon Precision Co., Ltd.			
	Nikon Engineering Co., Ltd.			
	Hikari Glass Co., Ltd.			
II	Nikon Business Service Co., Ltd.	A*2	Environmental performance data tabulated	Nikon Eco Program Standard (NEPS)
	Nikon Staff Service Corporation			
	Nikon Systems Inc.			
	Nikon Imaging Systems Inc.			
	Nikon Vision Co., Ltd.			
	Nikon Tec Corporation			
	Nikon Instech Co., Ltd.			
Nikon Imaging Japan Inc.				
III	Nikon (Thailand) Co., Ltd.	A*2	Environmental performance data tabulated	ISO 14001
	Nikon Imaging (China) Co., Ltd.			
	Nikon Lao Co., Ltd.			
	Nanjing Nikon Jiangnan Optical Instrument Co., Ltd.			
IV	Hikari Glass (Changzhou) Optics Co., Ltd.	A*2	Environmental performance data tabulated	Nikon Eco Program Standard (NEPS)
	Nikon Imaging (China) Sales Co., Ltd.			
V	Nikon Metrology UK Ltd.	B	Not currently subject to environmental performance data tabulation	Nikon Eco Program Standard (NEPS)
	X-Tek Systems Ltd.			
	Nikon Holdings Europe B.V. (all of the head office building including Nikon Europe B.V., Nikon Instruments Europe B.V., and Nikon GmbH Netherlands Branch Office)			
	Nikon Inc. (NI) (all of NI head office building including Nikon Americas Inc. and Nikon Instruments Inc.)			
	Nikon Precision Inc. (NPI) (all of the NPI head office building including Nikon Research Corporation of America and Nikon Ventures Corporation)			
Nikon Precision Korea Ltd.				
Nikon Precision Taiwan Ltd.				

I Group manufacturing companies in Japan / II Group companies in Japan / III Group manufacturing companies outside Japan / III, IV, V Group companies outside Japan

\*1 Kurobane Nikon Corporation merged with Tochigi Nikon Corporation on February 1, 2017.

\*2 The number of employees affiliated with classification "A" above accounts for approximately 80% of all employees in the entire consolidated Group. Classification "A" may also include data generated by subcontractors carrying out operations on the premises or small-scale special subsidiaries in addition to the above.

About the coefficient: A fixed coefficient for managing the action plan is used for the amount of CO<sub>2</sub> emissions under the Environmental Action Plan and related to Nikon and Group companies in Japan. An actual emissions coefficient of each fiscal year is used for others.

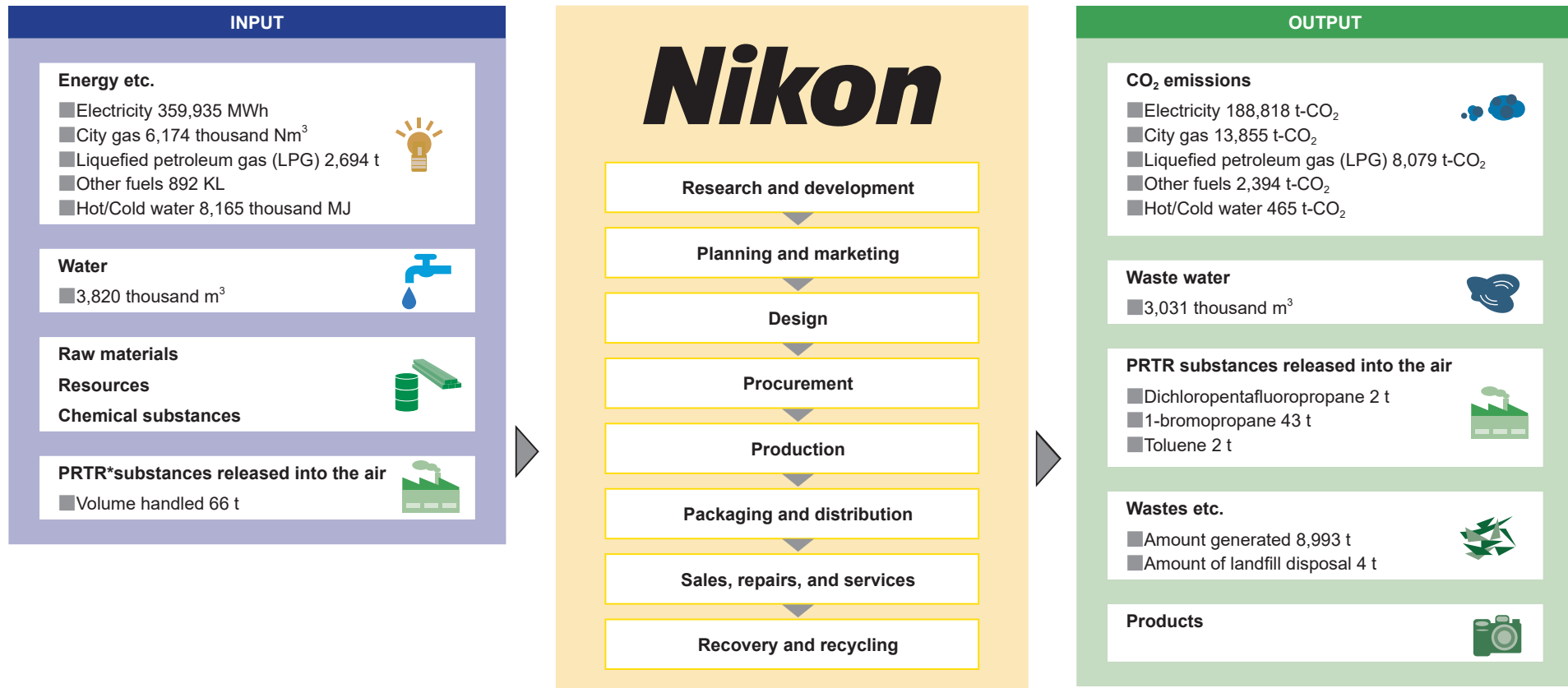
## Business Activities and the Environment

The Nikon Group believes the expansion of environmental activities is vital in its pursuit of contributing to a sustainable society. We prioritize our efforts and set goals

after clarifying the relationship between business activities and the environment as well as fully understanding environmental impact and the magnitude of environmental risks.

Therefore, we are actively advancing the collection of environmental data including energy such as electricity, waste and water both inside and outside of Japan.

### Relationship between Nikon Group Businesses and the Environment



\* Figures indicate performance data for the entire Nikon Group. See page 28 for a detailed breakdown of this data for Nikon as well as its Group companies inside Japan and Group manufacturing companies outside Japan.

\* Pollutant Release and Transfer Register (PRTR)

In Japan, the PRTR system is used by the government to collect, tabulate, and disclose data on chemical substances that might have harmful effects on human health and ecosystems. Companies identify and report these substances to the government on an annual basis.

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### The Nikon Group's Main Environmental Impacts (Year Ended March 31, 2017)

INPUT		Nikon	Group companies in Japan (I, II)	Group manufacturing companies outside Japan (III)	Unit
Energy etc.	Electricity	161,254	87,109	111,572	MWh
	City gas	5,128	1,045	0	thousand Nm <sup>3</sup>
	Liquefied petroleum gas (LPG)	493	2,023	178	t
	Other fuels	9	868	16	kL
	Hot/Cold water	8,165	0	0	thousand MJ
Water	Water	1,846	900	1,075	thousand m <sup>3</sup>
PRTR substances*	Volume handled	21	45	—	t

OUTPUT		Nikon	Group companies in Japan (I, II)	Group manufacturing companies outside Japan (III)	Unit
CO <sub>2</sub> emissions	Electricity	80,627	45,026	63,166	t-CO <sub>2</sub>
	City gas	11,509	2,346	0	t-CO <sub>2</sub>
	Liquefied petroleum gas (LPG)	1,479	6,066	535	t-CO <sub>2</sub>
	Other fuels	22	2,332	41	t-CO <sub>2</sub>
	Hot/Cold water	465	0	0	t-CO <sub>2</sub>
Water	Water	1,456	728	847	thousand m <sup>3</sup>
PRTR substances released into the air*		18	29	—	t
Wastes etc.	Amount generated	3,271	3,095	2,627	t
	Amount of landfill disposal	2	2	—	t

\* Group companies in Japan refers to Group manufacturing companies in Japan.

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## ■ Environmental Accounting

The Nikon Group carries out environmental accounting, which aims at recognizing the cost for environmental conservation activities and the results of activities in quantitative form, to promote effective and efficient environmental conservation initiatives. Our environmental accounting data is calculated in accordance with the Environmental Accounting Guidelines (2005 version) of the Ministry of the Environment.

[Scope]

Nikon and Group manufacturing companies in Japan

Period: April 1, 2016 to March 31, 2017

\* Expenses do not include depreciation costs.

\* Totals may not match the sum due to rounding.

### Environmental Conservation Costs

(Unit: millions of yen)

Category		Major Initiatives	Investment	Expenses	Total
Business Area Cost	Pollution Prevention Cost	Prevention of air/water pollution, etc.	400	897	1,297
	Global Environment Conservation Cost	Prevention of global warming, energy conservation, etc.	166	268	434
	Resource Circulation Cost	Disposal of waste, efficient use of resources, etc.	1	268	269
Upstream/Downstream Cost		Administration of green procurement, recycling measures, etc.	—	78	78
Administration Cost		Administration of environmental management systems, etc.	—	332	332
R&D Cost		Energy-saving design of products, research and development, etc.	1	72	73
Social Activity Cost		Social contribution activities, sponsorship activities, etc.	—	26	26
Environmental Remediation Cost		Costs of restoring soil, etc.	—	6	6
Others			—	0	0
Total			568	1,947	2,515

### Economic Benefits Associated with Environmental Conservation Activities

(Unit: millions of yen)

Item	Economic Benefit	Amount
Revenue	Revenue from the sale of valuable resources	33
Expense saving	Reduced energy costs due to energy savings	1
	Reduced expenses due to efficient utilization of resources	—
	Reduced expenses due to recycling of resources	—
Total		34

\* Environmental conservation benefits correspond to the Nikon Group's Principal Environmental Impacts (P28).

## Approach to Biodiversity

The Nikon Group obtains materials for its products from ecosystems and cause impacts on ecosystems from its business activities such as emission of chemical substances and CO<sub>2</sub>. At the same time, we believe that we can contribute to biodiversity conservation through products in the fields of nature observation, research and education.

Based on this awareness, we are now carrying out initiatives aimed at the conservation of biodiversity under the Nikon Basic Environmental Management Policy. The policy clearly states that Nikon is committed to assessing its impact on the natural environment and to protecting the global environment, including biodiversity.

### ■ Initiatives for Biodiversity Conservation

The Nikon Group constantly works to reduce the CO<sub>2</sub> emissions of its business divisions and the use of hazardous substances, including those stipulated in the RoHS Directive \*1. We also strive to reduce the waste we produce to achieve zero emissions\*2. These activities contribute to the conservation of biodiversity. We also work closely with our stakeholders. For example, in the research and study for the AKAYA Project, a project aimed at restoring the biodiversity of national forests, the cameras and binoculars donated by Nikon are used for record keeping and monitoring.

The Nikon Group takes part in the biodiversity working group of four electrical and electronic equipment associations\*3 for the purpose of supporting the promotion of biodiversity conservation in the electrical and electronic equipment industries. This working group introduced the activities of Japan's electrical and electronic equipment



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industries for biodiversity conservation at a side event held in conjunction with COP13 in December 2016.

[▶ Supporting the AKAYA Project in Japan \(P51\)](#)

\*1 Restriction of Hazardous Substances (RoHS) Directive  
EU legislation restricting the use of hazardous substances in electrical and electronic equipment.

\*2 Zero emissions  
The concept of zero emissions was first advocated by the United Nations University in 1994. It takes a view to reducing waste from the whole of society to zero by recycling waste from one industry for use as resources by other industries.

\*3 Four electrical and electronic equipment associations  
Nikon carries out initiatives in conjunction with the four associations in the electronics and electrical equipment industries listed below.  
- JEMA: The Japan Electrical Manufacturers' Association  
- JEITA: Japan Electronics and Information Technology Industries Association  
- CIAJ: Communications and Information Network Association of Japan  
- JBMA: Japan Business Machine and Information System Industries Association

**Relationship between Ecosystem Services, Business Activities and Environmental Targets**

Ecosystem services on which the Nikon Group has a high dependence and/or impact	Specific examples	Major initiatives	Relevant environmental targets and community contribution activities
Provisioning services	Wood materials and fibers	Use of paper as product materials (manuals, catalogues, packaging materials) Use of paper in business activities (copy paper, etc.)	▶ <a href="#">Conservation of Forest Resources (P43)</a> ▶ <a href="#">Green Purchasing (P43)</a>
	Freshwater	Use of water in business activities	▶ <a href="#">Protection of Water Resources (P44)</a>
Regulating services	Maintenance of air quality	Emissions of chemical substances in business activities	▶ <a href="#">Reduction of Hazardous Chemical Substances (P46)</a> ▶ <a href="#">Green Procurement (P47)</a>
	Regulation of climate	GHG emissions in business activities	▶ <a href="#">CO<sub>2</sub> Reduction Activities (P34)</a>
	Water purification and waste treatment	Generation of waste, including wastewater in business activities	▶ <a href="#">Prevention of Pollution of the Air and Water (P50)</a> ▶ <a href="#">Waste Reduction (P42)</a>
Cultural services	Ethical values	Use of products for educational and research purposes	▶ <a href="#">Supporting the AKAYA Project in Japan (P51)</a>
		Community Contribution Activities	▶ <a href="#">Providing Educational Tools for Environmental Education (P51)</a>

**Voice**

**Scientific forest management supported by Nikon products**

The Nature Conservation Society of Japan, a public interest incorporated foundation, is an NGO working in Japan to create a vibrant society where the rich natural environment of Japan can be enjoyed by all ages.

I am in charge of the AKAYA Project, which involves working on scientific forest development with the goal of restoring biodiversity and developing a sustainable community in the Akaya Forest extending over 10,000 ha in Minakami Town, Gunma prefecture.

For example, we have created an environment for endangered golden eagles to hunt and measured the effectiveness scientifically in order to improve their habitat, which serves as an indicator for a rich natural environment.

This initiative required the identification of individual golden eagles from a distance of more than one kilometer to record their actions. As a result, Nikon binoculars, field scopes, and digital cameras become indispensable tools. Last year, the golden eagles living in the Akaya Forest successfully mated for the first time in seven years, and Nikon's equipment was extremely helpful in recording this rare event. Also, Nikon's Fabre portable field microscope has proven to be very useful in enabling children to observe small water insects and soil animals during our nature tours.



Mr. Seiichi Dejima  
The Nature Conservation Society of Japan

\* The golden eagle on the cover is utilized in panels highlighting these activities.

## Eco-friendly Products Development

The Nikon Group works to develop eco-friendly products by taking into account environment impacts starting from the planning and design stage of products.

### Development Process of Eco-friendly Products

The Nikon Group carries out product development following the Eco-friendly Product Development Flow noted at right in order to supply products that have fewer environmental impacts throughout the entire product life cycle.

### Nikon Product Assessment

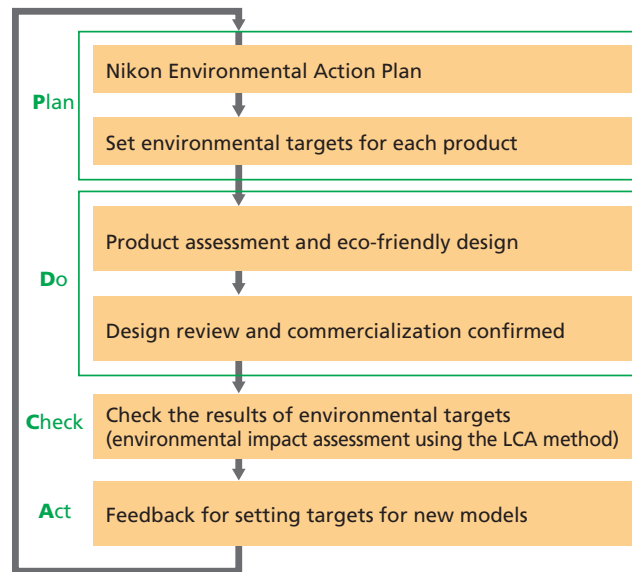
The Nikon Group enacted the Nikon Product Assessment in 1995 for carrying out assessments that thoroughly consider the specifications of Nikon products. Since then we have continuously revised and enhanced the assessment items and standards to match each particular situation. Product assessments are carried out in the planning and design stage and conclude with the prototype and mass production stage. This enables us to mitigate the environmental impacts of our products through the entire life cycle.

We also calculate CO<sub>2</sub> emissions in each stage of the life cycle by conducting evaluations of the environmental impact using the Life Cycle Assessment (LCA) method for some of our most popular models.

The results indicate that imaging products have a larger ratio of CO<sub>2</sub> emissions during raw material procurement while FPD/semiconductors and industrial equipment during actual use. As a result, we recognize that these stages are where products must be modified and improved to have less environmental impacts.

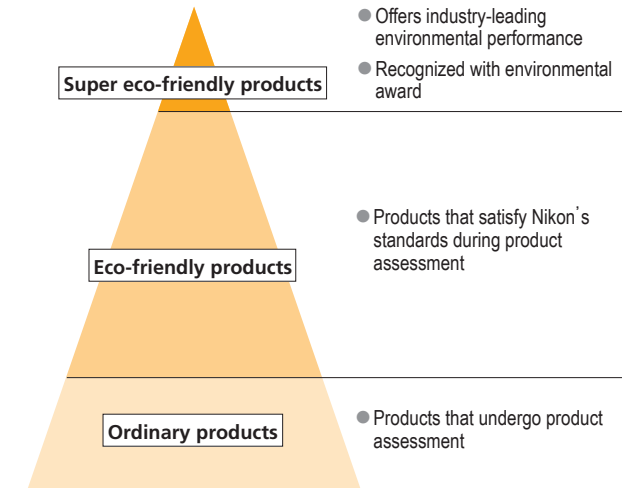
We have made changes to the definition and system of eco-friendly products and starting in the year ended March 31, 2017, we are now working to create both eco-friendly products and super eco-friendly products.

### Eco-friendly Product Development Flow

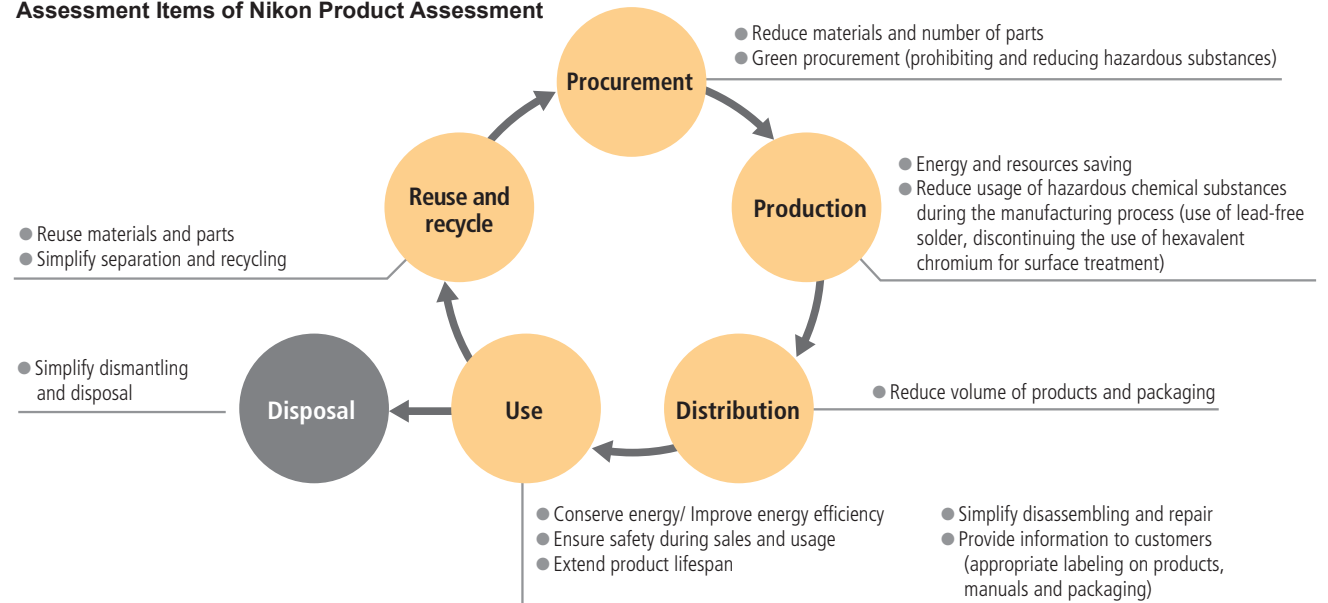


### Eco-friendly Products System

Eco-friendly products that satisfy any of the following conditions



### Assessment Items of Nikon Product Assessment



## ■ Eco-friendliness of Main Products

The following provides several examples of the eco-friendliness of products that we announced or released during the year ended March 31, 2017.

### Imaging Products Business

Digital SLR camera: D3400  
(released in September 2016)

The camera body is made from cutting edge high strength carbon fiber composite material with the same strength and rigidity as aluminum or magnesium. Also, Nikon harnessed its proprietary technologies to create a monocoque design using this material. Compared to the previous D3300 model, this new model is 3.7% lighter and has a battery life (number of photographs that can be taken) that is about 1.7 times longer.



AF-P DX NIKKOR 70-300mm/f4.5-6.3G lens  
(released in September 2016)

This super telephoto lens that covers up a focal distance up to 300mm features an autofocus (AF) stepping motor (STM) that delivers high speed still images. Compared to the previous AF-SVR Zoom-NIKKOR 70-300mm f/4.5-5.6G IF-ED, this particular model is about 44.3% lighter and uses 10.9% less power.



### Instruments Business

ECLIPSE Ti2 series inverted research microscopes  
(released in November 2016)

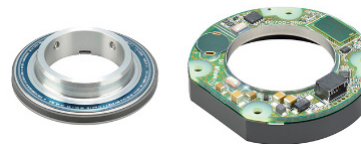
These inverted microscopes are more energy efficient, longer life and maintenance free thanks to the use of LEDs as the light source. Compared to the previous model, the Ti2-E consumes 44.2% less power during use, while for the Ti2-A it is 84.4% and the Ti2-U it is 29.4%.



### Encoder Business

MAR-MC52A hollow-shaft multi-turn absolute encoder  
(released in April 2016)

The MAR-MC52A is a hollow-shaft, multi-turn absolute encoder designed for AC servomotor applications. It is ideal for industrial-use articulated robots, service robots and other robots that demand high resolution and high precision and also benefit from reduced installation space requirements. Compared to the MAR-MC42A, the MAR-MC52A is 26.1% slimmer and consumes 60.6% less energy thanks to Nikon's proprietary optical design.



### Eco-friendly Designs Common to All Products

Reduced use of hazardous chemical substances	Compliant with Europe's RoHS Directive and the hazardous chemical regulations of each country
Use of lead-free solder	All solder used for the mounting boards of electronics is lead-free
Ratio of lead/arsenic-free glass	100%
Surface treatment processes for plating, etc.	Elimination of all heavy metals (hexavalent chromium, lead, cadmium, and mercury)
Waste recycling	Compliant with Europe's WEEE Directive and the waste regulations of individual countries

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## Environmental Education and Awareness Raising Activities

The Nikon Group believes the awareness and understanding of employees who are the foundation of its activities are vital to furthering its environmental activities and increasing its standards. Therefore, we have introduced various environmental education and awareness raising activities for our employees to promote understanding and awareness of our environmental activities. In Japan, the Nikon Group provides employees with education matched to their position, group affiliation, business facilities, and department, based on the educational training plan for the environmental management system.

### Environment Month Seminar

In Japan, the month of June has been designated as Environment Month by the Ministry of the Environment. During June, we hold seminars and environmental photo contest each year to increase their awareness of and interest in the environment.

The Environment Month seminar held in June 2016 was led by a researcher from the National Institute for Environmental Studies. Attended by around 90 employees, this seminar covered the current situation of global warming and future predictions, climate change risks, and skepticism concerning global warming, including an overview of future worldwide trends following the Paris Agreement.



Seminar during Environment Month

### Environmental Commendation Program

To invigorate measures aimed at protecting the environment, the Nikon Group has introduced the Nikon Environmental Commendation Program. Every year, this program commends and awards outstanding initiatives implemented by workplaces, groups or individuals who have consistently made efforts to protect the environment. In the year ended March 31, 2017, we presented four Outstanding Environmental Contribution Awards and eight Environmental Contribution Awards.

This year, we selected initiatives at Nikon Imaging (China) Co., Ltd. for one of the Outstanding Environmental Contribution Awards. These initiatives involve reducing water usage by promoting various water conservation and water leakage prevention measures as well as reducing CO<sub>2</sub> emissions by changing the heat source for producing RO water\* to a source of surplus electric power at power plants.

\* RO water  
A form of purified water that has passed through a reverse osmosis (RO) filtration system to remove impurities.



Environmental Commendation ceremony

### Participating in Earth Hour

The Nikon Group has participated in Earth Hour\* since 2010. This event provides an opportunity to raise environmental awareness by actively calling on employees in each region around the world to participate.

In the year ended March 31, 2017, 86 business facilities of 59 companies from the Nikon Group inside and outside Japan participated by switching off billboards or lighting, and posted photographs of their efforts to various social media.

\* Earth Hour  
A worldwide environmental campaign organized by the World Wildlife Fund (WWF) where people around the world show their desire to stop global warming and protect the global environment by switching off the lights at the same time on the same day.



Examples of photographs posted on various social media sites

# Realizing a Low-carbon Society

The Nikon Group recognizes that, in order to realize the goal of building a low-carbon society, it is important to implement measures not just within the Nikon Group, but in the supply chain as well. We are formulating strategies for a wide range of different production processes to reduce carbon dioxide (CO<sub>2</sub>) emissions throughout the product lifecycle.

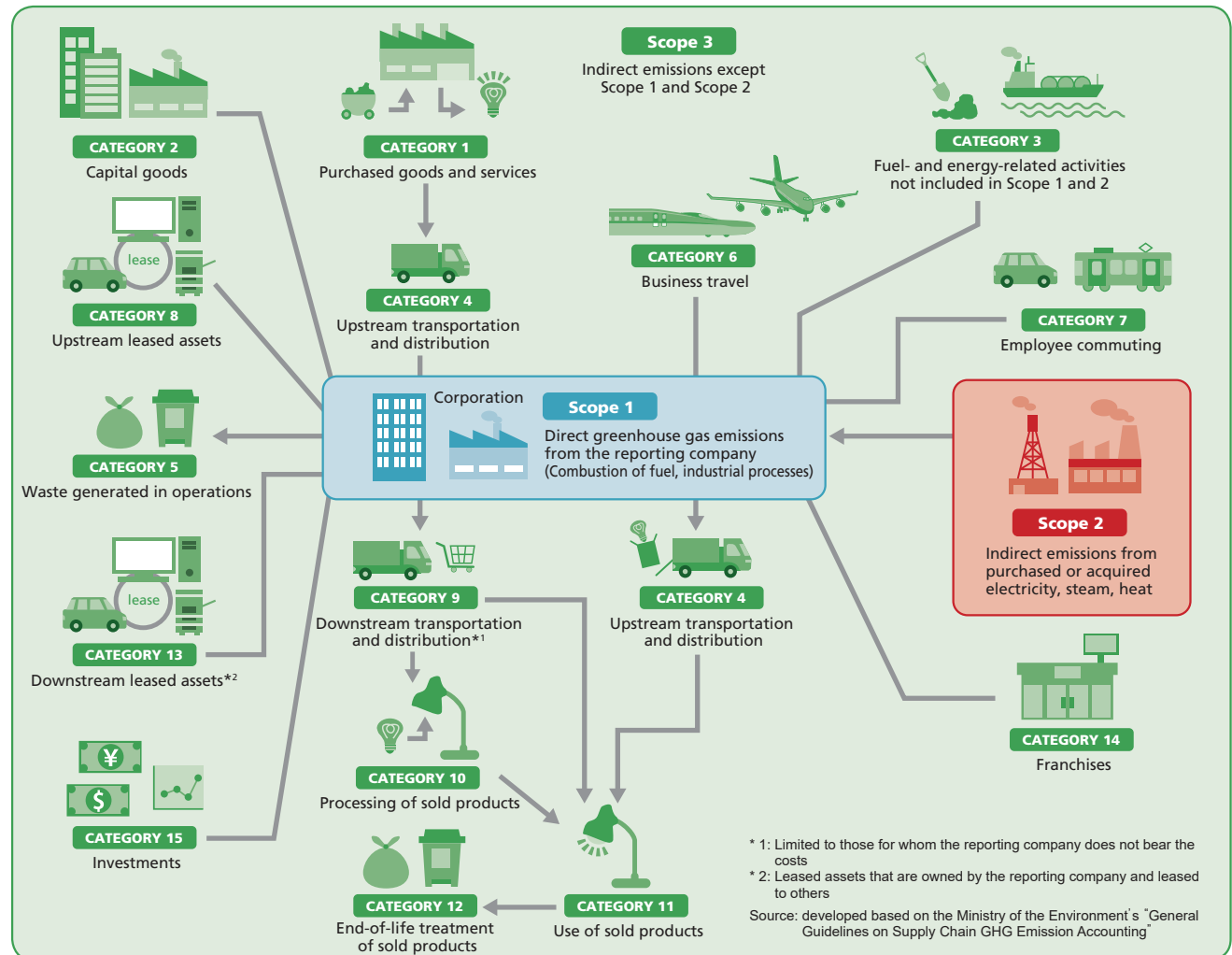
## Initiatives to Reduce CO<sub>2</sub> Emissions in the Supply Chain

When calculating greenhouse gas emissions, the Nikon Group has gone beyond the conventional approach of calculating direct emissions (Scope 1<sup>\*1</sup>) and indirect emissions deriving from energy consumption (Scope 2<sup>\*2</sup>) by also calculating indirect emissions related to business activity in the supply chain (Scope 3<sup>\*3</sup>). In this way, we are able to assess the environmental load in the supply chain, and we are endeavoring to implement suitable response strategies on the basis of these assessments.

\*1 Scope 1  
Direct greenhouse gas emissions due to the use of fuel on site.

\*2 Scope 2  
Indirect greenhouse gas emissions from consumption of purchased electricity, heat or steam.

\*3 Scope 3  
Indirect greenhouse gas emissions related to business activities in the supply chain (excluding emissions already included in Scope 1 and 2).



\* 1: Limited to those for whom the reporting company does not bear the costs  
 \* 2: Leased assets that are owned by the reporting company and leased to others  
 Source: developed based on the Ministry of the Environment's "General Guidelines on Supply Chain GHG Emission Accounting"



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## ■ Assessing Emission Volume

On the basis of the Scope 3 emissions estimation results, it was determined that Category 1 (purchased goods and services) accounted for the largest share of emissions.

In the future, while working to further refine the precision of our estimates, we will also be implementing measures to reduce CO<sub>2</sub> emissions, giving priority to those categories that have the highest emissions volume.

▶ [Reducing CO<sub>2</sub> Emissions in Distribution \(Scope 3\) \(P38\)](#)  
[Initiatives to Reduce CO<sub>2</sub> at Nikon Group \(Scope 1, 2\) \(P36\)](#)

## CO<sub>2</sub> Emissions List Breakdown by Scope and Category

(Unit: t-CO<sub>2</sub>)

Scope/Category	Boundary	CO <sub>2</sub> Emissions
Scope 1	Nikon Group companies in Japan Group manufacturing companies outside Japan	24,329
Scope 2	Nikon Group companies in Japan Group manufacturing companies outside Japan	189,284
Scope 3 (individual categories within Scope 3 listed below)		
1. Purchased goods and services	Imaging Products Business and Precision Equipment Business	1,329,197
2. Capital goods	The entire Nikon Group	92,055
3. Fuel- and energy-related activities not included in Scope 1 and 2	Nikon Group companies in Japan Group manufacturing companies outside Japan	17,468
4. Upstream transportation and distribution	The entire Nikon Group	82,003
5. Waste generated in operations	Nikon (excluding Head Office) Group manufacturing companies in Japan Group manufacturing companies outside Japan	2,905
6. Business travel	Nikon	6,067
7. Employee commuting	Nikon	3,206
8. Upstream leased assets (included in Scope 2)	Calculation included in Scope 2	—
9. Downstream transportation and distribution	Excluded (because the amount is very small)	—
10. Processing of sold products (excluded)	Excluded (because the amount is very small)	—
11. Use of sold products	Imaging Products Business and Precision Equipment Business	302,484
12. End-of-life treatment of sold products	Imaging Products Business and Precision Equipment Business	5,129
13. Leased assets (downstream) (excluded)	Excluded (because the amount is very small)	—
14. Franchises (out of scope)	Out of scope	—
15. Investments (out of scope)	Out of scope	—

## Measures Taken by the Nikon Group to Reduce CO<sub>2</sub> Emissions

The Operating Environmental Subcommittee plays a central role in the planning and evaluation of environmental protection activities within the Nikon Group, formulating action plans for CO<sub>2</sub> emission reduction for each business facility and each Group company. Individual units use these plans as a basis for the implementation of CO<sub>2</sub> reduction activities, and efforts are also made to promote the visualization of environmental data, to facilitate the achievement of the goals that have been set.

### Current Status of the Nikon Group's CO<sub>2</sub> Emissions

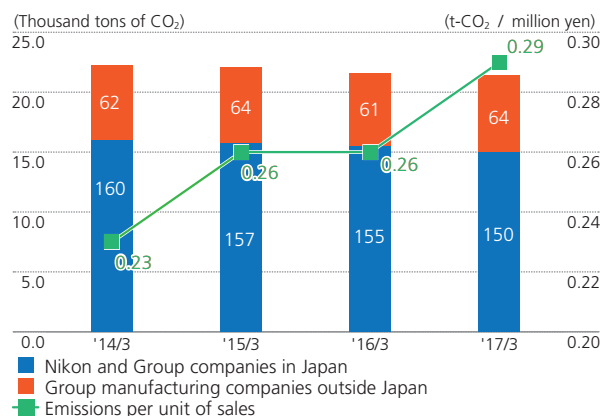
In the year ended March 31, 2017, the CO<sub>2</sub> emissions of Nikon and Group companies in Japan totaled 121,000 tons, which meant that we had met our target\*<sup>1</sup> of keeping CO<sub>2</sub> emissions in Japan down to within 131,000 tons. CO<sub>2</sub> emissions from Group manufacturing companies outside Japan in the year ended March 31, 2017 totaled 64,000 tons.

Since by far the largest share of greenhouse gas emissions from Nikon and Group companies in Japan are in the form of CO<sub>2</sub> emissions deriving from energy consumption, with other greenhouse gases\*<sup>2</sup> accounting for 4.8% of the total, the Nikon Group's greenhouse gas reduction targets and management are based on CO<sub>2</sub> emissions from energy consumption.

\*<sup>1</sup> Target  
The CO<sub>2</sub> emission factors used are the weighted average of the emissions factors for the period between the year ended March 31, 2006 and the year ended March 31, 2008.

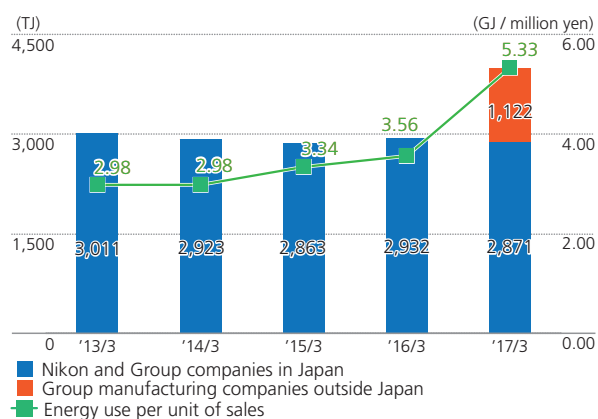
\*<sup>2</sup> Other greenhouse gases  
Greenhouse gases excluding CO<sub>2</sub> emissions from energy sources. Specifically, this term is used to refer to CH<sub>4</sub>, N<sub>2</sub>O, HFC compounds, PFC compounds, SF<sub>6</sub>, NF<sub>3</sub>, and non-energy CO<sub>2</sub> emissions.

### CO<sub>2</sub> Emissions from Nikon Group



\* The following values were used for CO<sub>2</sub> emission factors:  
Electric power:  
In Japan: Specific value of each electricity company  
Outside Japan: International Energy Agency (IEA) factors by country for the year ended March 31, 2013  
City gas: Specific value of each gas company  
Other fuels: Values given in the GHG Emissions Accounting and Reporting Manual to calculate the energy usage in each fiscal year.  
\* Boundaries (both in and outside Japan) have been expanded since the year ended March 2016.

### Energy Use by Nikon Group

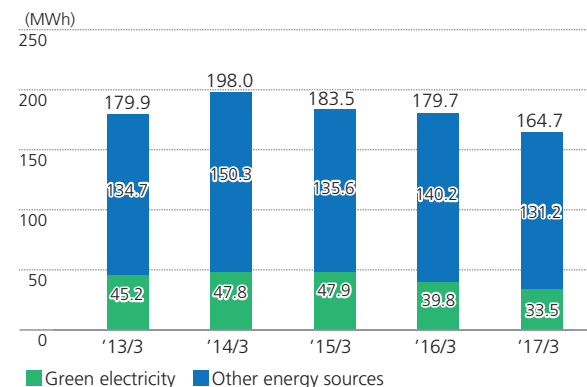


\* Energy use is calculated using the following unit calorific values:  
Electricity and other fuels: Values given in the GHG Emissions Accounting and Reporting Manual to calculate the energy usage in each fiscal year.  
City gas: Specific value of each gas company  
\* Overseas values have been added since the year ended March 2017.

### Utilizing Renewable Energy

The Nikon Group is working to promote the use of renewable energy. Nikon's Kumagaya Plant has been operating a solar power generation system at full capacity since 2010. The system generates at least 100,000 kWh of power per year, reducing CO<sub>2</sub> emissions by around 50 tons per year. Nikon's Yokohama Plant has installed solar power equipment on the walls of Building No. 502 (which was completed in 2013), and this equipment generates approximately 29,000 kWh per year with a CO<sub>2</sub> reduction effect of approximately 10 tons per year. The Yokohama Plant also cosponsored Yokohama City's project for wind power generation as a Y (Yokohama) Green Partner Company over the period between the year ended March 31, 2008 and the year ended March 31, 2017.

### Renewable Energy Use by Nikon



> Nikon Environmental Management > Environmental Management Promotion System > [Realizing a Low-carbon Society](#) > Realizing a Resource-circulating Society > Realizing a Healthy and Environmentally-safe Society



Monitor showing the amount of power generated in real time at Nikon's Kumagaya Plant



Solar power generation panel at the Kumagaya Plant

## ■ Examples of CO<sub>2</sub> Emissions Reduction Measures Implemented by the Nikon Group

### Reducing CO<sub>2</sub> Emissions by Making Product Development More Efficient

By continuing to strive for further improvement and evolution in the core technologies that underpin our manufacturing operations, the Nikon Group is able not only to enhance the efficiency of development and production operations and raise quality standards, but also to reduce the environmental burden by achieving reductions in energy consumption and the generation of waste. Hikari Glass Co., Ltd., a Group company of Nikon that develops and manufactures optical glass for use in cameras, microscopes etc., starts by small-scale testing to determine production conditions, before going on to testing with full-scale volume production equipment. However, sometimes the volume-production testing does not go smoothly; not

only does this lead to delays in ramping up production, it also involves considerable expenditure of energy for heating glass, and generates large amounts of waste glass. To address this issue, Hikari Glass's development division set to work, in collaboration with Nikon, to improve efficiency. As a result of their combined efforts, the quality of existing products has been improved, new products can now be developed within a shorter space of time, and annual CO<sub>2</sub> emissions have been reduced by 30 tons.

### CO<sub>2</sub> Emissions Reduction Using Steam

Nikon Imaging (China) Co., Ltd. uses steam, which is the by-product of power generation during the winter season (from November to March), to purify reverse osmosis (RO) water. This has made it possible to reduce annual electricity consumption by around 600,000 kWh.



Steam pipes running inside the premises at Nikon Imaging (China) Co., Ltd.

### Highly Efficient Lighting

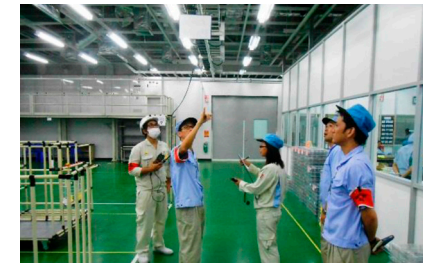
Nikon Imaging (China) Co., Ltd. is working to reduce energy use by various measures such as reducing the number of fluorescent lights within the plant, switching over to the use of LED lights, and implementing LEDs with motion sensors to turn off the lights when no one is present.



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

### Expanding Energy Conservation Efforts

At Nikon (Thailand) Co., Ltd. the CO<sub>2</sub> Committee Group, formed from the in-house environmental officers, conducts energy conservation patrols. As well as using these patrols to make frequent checks of the temperature controls and lighting, they also work to ensure the proper management of air conditioners and lighting.



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



Sign posted next to light switches at Nikon (Thailand) Co., Ltd., reminding employees to save energy

### Conserving Energy at Offices

All business facilities are switching to highly efficient lighting, introducing motion sensor-equipped lighting, and working to make for air conditioning equipment and office machinery more efficient.

At Nikon India Private Limited, almost all conventional lightbulbs have been replaced with LED lighting. As LED lighting is brighter, the number of individual lights installed can be reduced, which has made it possible to achieve a significant reduction in electricity consumption.



An office at Nikon India Private Limited, where LED lights are now used for almost all the lighting

### Measures Adopted in Regard to Commuting and Commercial Vehicles

All business facilities are making efforts to adopt fuel-efficient vehicles such as hybrid cars and other environmentally-friendly cars as company cars. Some business facilities are also encouraging employees to use commuting methods that have a low environmental impact. Nikon Precision Inc., in the U.S.A., has installed electric vehicle charging stations on company premises. This



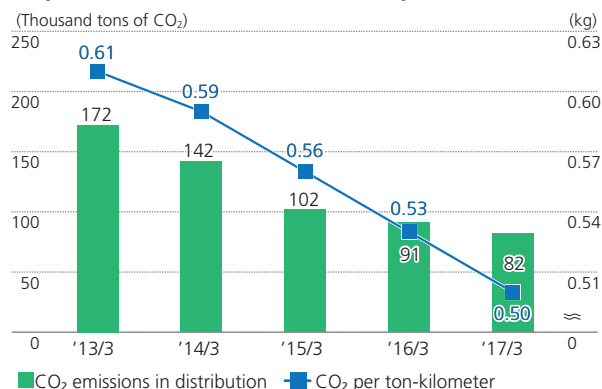
Electric vehicle charging station at Nikon Precision Inc.

measure has helped to spread awareness of the company's environmentally-friendly stance among employees, and the number of employees using electric vehicles to get to work has increased.

## Reducing CO<sub>2</sub> Emissions in Distribution

As the products of Nikon Group are manufactured in facilities located mainly in Asia and distributed worldwide, Nikon have identified the distribution routes, including those used by Group manufacturing companies in Japan, and obtained numerical data on transportation volumes and CO<sub>2</sub> emissions, and we are working to reduce CO<sub>2</sub> emissions during transport. We calculate CO<sub>2</sub> emissions resulting from distribution by using a GHG Protocol tool. In the year ended March 31, 2017, CO<sub>2</sub> emissions amounted to 1,383 tons for distribution in Japan and 80,000 tons for international shipment and distribution outside Japan.

### CO<sub>2</sub> Emissions from Distribution in Japan, International Shipment and Distribution Outside Japan



### Promotion of Modal Shifts

The Nikon Group promotes modal shifts\* in order to reduce environmental impact. We are shifting the main mode of delivery from airplane to ship, and from truck to railway. Nikon's Imaging Products Business is considering measures to realize rail transport from China to Europe. This shift from air to rail would reduce distribution-related CO<sub>2</sub> emissions to around one-seventieth of the current level. Besides products, a similar shift is being promoted with respect to the supply of packaging materials to procurement partners, as well as the transportation of delivery cases, installation tools, etc.

\* Modal shift: This term is normally used to refer to a shift to a different method of transport, in order to reduce the impact on the environment.

### Environmentally-friendly transportation

Besides gradually shifting over to the use of environmentally-friendly vehicles with low fuel consumption for both company cars and delivery trucks, the Nikon Group is also implementing measures to promote eco-driving (fuel-efficient driving). Nikon Business Service Co., Ltd., which provides logistics and transportation services for the Nikon Group, requires all of its drivers in Japan to undergo regular eco-driving training courses.

The Nikon Group is also implementing measures to improve transportation efficiency. For transport between Nikon's Kumagaya Plant and Narita Airport, a shift from having delivery vehicles depart on an "as-needed" basis to a system of regular scheduled deliveries has led to a dramatic improvement in efficiency. Measures are also being taken to reduce delivery distances, by adjusting transportation routes for international logistics. Other steps are also being taken to further enhance Nikon's environmentally-friendly logistics, such as changing the dimensions of the presentation boxes that digital cameras are packaged in so that they can be stacked more efficiently, and doing away with the need for outer packing cases by shifting away from container transport to pallet transport, etc.



# Realizing a Resource-circulating Society

The Nikon Group is focusing on initiatives implemented through its business activities, such as waste reduction and the effective use of water resources, while also striving to save resources through efforts such as reducing the size and weight of products and the volume and weight of packaging.

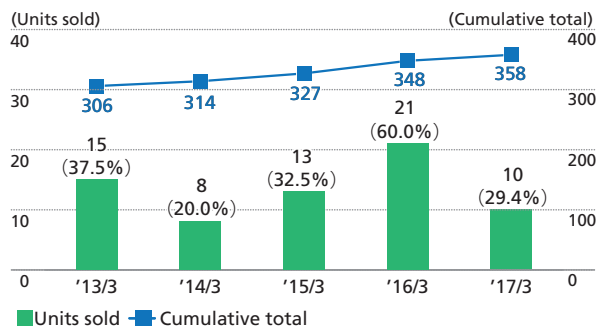
## Product Reuse and Recycling

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

### Sales of Refurbished Steppers and Scanners

In the year ended March 31, 2001, the Nikon Group launched a commercial service for collecting used Nikon steppers and scanners from customers, reconditioning them, replacing parts, reconfiguring them, and installing them for new customers in and outside Japan. This business is an example of Nikon's practice of reusing its own products. As of the year ended March 31, 2017, Nikon had sold a cumulative total of 358 refurbished steppers and scanners.

#### Sales Trends of Refurbished Steppers & Scanners (for IC)



\* Number shown in ( ) denotes the percentage of total units sold.

## Battery Recycling

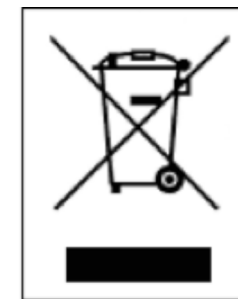
In Japan, Nikon has been cooperating with JBRC\* and a number of other companies to collect end-of-life secondary batteries, including those used for Nikon digital cameras, from users for recycling since 2001.

\* Japan Portable Rechargeable Battery Recycling Center (JBRC)  
JBRC is an organization that promotes the recycling of small rechargeable batteries in accordance with the provisions of the Act on the Promotion of Effective Utilization of Resources.



Battery recycling mark

We are also implementing assessments at the design stage of products and promoting easy-to-disassemble design, a reduction in the number of types of raw materials used, and extensive utilization of recycled resources, to comply with the provisions of the Act on Promotion of Recycling of Small Waste Electrical and Electronic Equipment\*<sup>2</sup> in Japan. As to reuse, in the U.S. we have a service whereby digital cameras returned by customers are repaired and then sold as refurbished cameras.



EU recycling symbol

\*1 WEEE Directive (Waste Electrical and Electronic Equipment): Under legislation enacted in the EU in 2003 (and revised in 2012), Member States are required to collect and recycle waste electrical and electronic equipment.

\*2 Act on Promotion of Recycling of Small Waste Electrical and Electronic Equipment: Enacted on April 1, 2013, this legislation stipulates the responsibilities of various entities, including the national and local public bodies, business operators and manufacturers, with respect to the promotion of recycling of small waste electrical and electronic equipment such as digital cameras and game devices, etc.

## Recycling and Reuse of Used Nikon Products

Under the WEEE Directive\*<sup>1</sup>, European countries have been developing national laws in relation to the collection and recycling of used electrical and electronic equipment. In response to these laws, we have been working to fulfill our responsibility for the collection and recycling of Nikon digital cameras and other products.

We have registered with local collection organizations in more than 30 countries, and have established collection and recycling networks in each country.



## ■ Recycling of Packaging Materials

The Nikon Group promotes the recycling of packaging materials for Nikon products including digital cameras in Japan by outsourcing the task to the Japan Containers and Packaging Recycling Association. In Europe, under the EU Packaging and Packaging Waste Directive, each country has developed a packaging waste collection and recycling system in accordance with its national laws. Many of these frameworks have adopted the Green Dot system\*. In the EU, the Nikon Group cooperates in the promotion of the collection and recycling of packaging materials by paying collection and recycling fees to recycling organizations in each country, and by displaying the Green Dot mark on its product packaging.



Green Dot symbol

\* Green Dot System:  
A collection and recycling system for packaging waste adopted by domestic legislation in EU Member States in accordance with the 1994 EU Packaging and Packaging Waste Directive.

## Column

### Recycling at Nikon Tsubasa Inc.

Nikon Tsubasa Inc. (a special subsidiary established in 2000 in accordance with the Act on Employment Promotion etc. of Persons with Disabilities) undertakes the disassembly and recycling of items such as prototypes, products used at exhibitions, and computers and hard drives that are no longer needed. We previously paid waste disposal companies to dispose of such items as waste; now, by implementing separation and disassembly, we are able to transform this waste into items of economic value that can be sold. Furthermore, disposing of such items within the Group has profound significance from the perspective of information security (including confidentiality, etc.). The Nikon Group will continue to promote this type of activity in the future.

#### Total Quantity of Materials Separated through Disassembly (Year Ended March 31, 2017)

Material category	Quantity of material separated
Crude iron (ferrous metals)	438 kg
Nonferrous metals (copper/aluminum, etc.)	615 kg
Plastic	2,604 kg



After products have been received, the operatives disassemble the products down to the smallest possible units by hand, and separate the parts into 15 different types of materials (including glass, metal, plastic, etc.). In the case of complex products, it can take more than one day to disassemble a single unit.



Before the operatives start work, an instructor shows them how to implement the disassembly for that particular product. The instructor also performs final inspection to check that products have been properly disassembled. Careful attention is paid to operatives' safety; for example, protective glasses and gloves must be worn while working.

For more information about Nikon Tsubasa Inc., see: [Diverse, Thriving Employees > Supporting People with Disabilities \(P60\)](#)

▶ [Nikon Tsubasa Inc. \(in Japanese\)](http://www.nikon-tsubasa.co.jp/)  
<http://www.nikon-tsubasa.co.jp/>

## Measures Relating to Packaging and Bundled Items

### Promoting the Use of Environmentally-friendly Packaging

The Nikon Group makes efforts to improve recyclability by reducing the use of hazardous substance, as well as seeking to save resources by reducing both the volume and weight of packaging.

We formulated the Nikon Packaging Assessment in 2001 for the purpose of improving the environmental compatibility of our packaging materials, with the items listed below being assessed and confirmed during evaluation of packaging design when developing new products in each business division. Moreover, we are revising the Nikon Packaging Assessment to be in-line with the relevant laws and regulations.

#### Primary Assessment Items

- Restriction of hazardous substance use
- Clear identification of materials/quality
- Reduction of volume and weight
- Easy separation (making it easier to separate and disassemble)
- Improvement of transport efficiency (standardization of geometry, etc.)

As a result of review to plastic packaging used for digital camera accessories on the basis of the results obtained in



The previous packaging (a plastic case) is shown on the left; the modified packaging (a cardboard box with a plastic window) is shown on the right.

packaging assessments, the amount of plastic used for this purpose has been reduced by approximately 58% (see photo below). We have also reviewed the packaging specifications for optional extras for microscopes, successfully making the packaging smaller (by 27%) and lighter (by 42%).

### Reduction in the Amount of Paper Used in the Production of User Manuals, etc.

#### Digitalization of User Manuals for Semiconductor Lithography Systems

Semiconductor lithography systems have complex structures and need complicated operations; they also require a great deal of adjustment. As a result, the user manuals for these devices can contain a very large number of pages. A model released in 1990 had a set of user manuals with around 3,100 pages, and since then the volume of manuals has continued to increase as these products became ever more advanced.

The Nikon Group began digitalizing user manuals and distributing them in the form of CD-ROMs in 2008. This allows us to save approximately 100,000 sheets of paper each year. In addition, checking and revising documents on screen rather than in paper format during the manual compilation process makes it possible to save even more paper than just the paper used in the finished manuals. We are now taking this resource-saving initiative even further by extending the same approach to the compilation of user manuals for FPD lithography systems.



Bringing together over 6,000 pages of information on a single CD

### Resource-saving in Material in Digital Camera Packaging

The Nikon Group is expanding the scope of resource-saving to include the user manuals, packaging etc. that are bundled with Nikon digital cameras.

Two types of user manual are provided: a concise manual in booklet form, and a more detailed manual in electronic form. Only the concise manual is bundled with the camera; the more detailed electronic manual can be downloaded from the Nikon website. Reducing the number of pages in the manual that is bundled with the camera not only saves resources, it also contributes to a reduction in the CO<sub>2</sub> emissions generated when cameras are being shipped. The paper user manuals for high-end digital cameras, which are multi-lingual and have high page counts, used to be printed in large quantities using offset printing and then warehoused until they were needed. However, this caused problems, because if a manual needed to be revised before all of the existing stock of manuals was used up, a great deal of unnecessary waste paper was generated. To remedy this situation, Nikon now implements different printing methods according to the size of the market, utilizing offset printing (which is ideal for large-volume printing) for markets where high sales volumes are anticipated, and on-demand printing (which is better suited for small printing volumes) for markets where sales volumes are likely to be smaller. In this way, inventory levels can be optimized and waste is minimized. By making suitable adjustments to habitual practices in this way, the Nikon Group is helping to reduce the burden on the environment.

Our download center. Users can find not only up-to-date user manuals but also firmware and software updates, all available from the same website



## Initiatives Aimed at Reducing Waste etc.

While working to reduce the amount of waste generated, the Nikon Group is also taking steps to improve resource efficiency by defining level-specific targets for realizing zero emissions.

### Towards Zero Emissions

In the year ended March 31, 2009, the Nikon Group defined various levels of zero emissions. In the year ended March 31, 2016, Hikari Glass Co., Ltd., the only Group manufacturing company in Japan that had been at Level 1, succeeded in moving up to Level S, marking the achievement of Level S by all Group manufacturing companies within Japan. Nikon and Group companies in Japan maintained Level S in the year ended March 31, 2017. Outside Japan, Hikari Glass (Changzhou) Optics Co., Ltd. and Nanjing Nikon Jiangnan Optical Instrument Co., Ltd. have also put Level 1 systems in place. In the future, Nikon will be implementing further measures in this area.

#### Zero Emissions Level Indicators

- Level S: Final landfill disposal rate of less than 0.5% (added in the year ended March 31, 2014)
- Level 1: Final landfill disposal rate of less than 1%
- Level 2: Final landfill disposal rate of less than 5%
- Level 3: Final landfill disposal rate of less than 10%
- Level 4: Final landfill disposal rate of less than 20%

### Zero Emissions Level Achievement (Year Ended March 31, 2017)

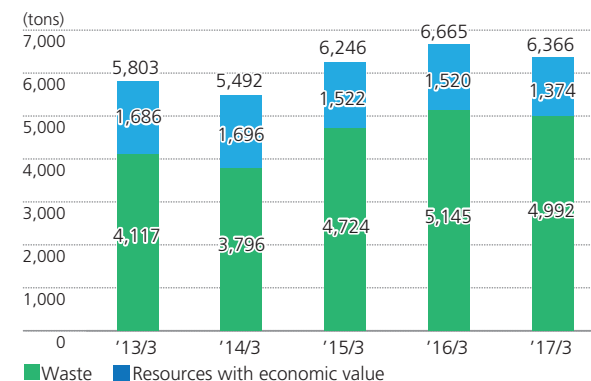
Level	Company name
Level S	Nikon (All six business facilities)
	Tochigi Nikon Corporation/Tochigi Nikon Precision Co., Ltd.
	Sendai Nikon Corporation
	Miyagi Nikon Precision Co., Ltd.
	Kurobane Nikon Co., Ltd.
	TNI Industry Co., Ltd.
	Hikari Glass Co., Ltd.
Level 1	Nikon Imaging (China) Co., Ltd.
	Hikari Glass (Changzhou) Optics Co., Ltd.
	Nanjing Nikon Jiangnan Optical Instrument Co., Ltd.

### Waste Reduction Performance

The amount of waste (excluding resources with economic value) generated by Nikon during the year ended March 31, 2017 was 2,666 tons, while the total for Group companies in Japan was 2,327 tons. The total amount of waste generated by Nikon and Group companies in Japan that was disposed of in landfills was 4.33 tons, with 4,988 tons of waste being recycled. Together, Nikon and the Group manufacturing companies in Japan achieved their target of a 1% reduction compared to the moving average of waste generation\*1 over the most recent three years. The total amount of waste generated by Group companies outside Japan was 2,627 tons\*2.

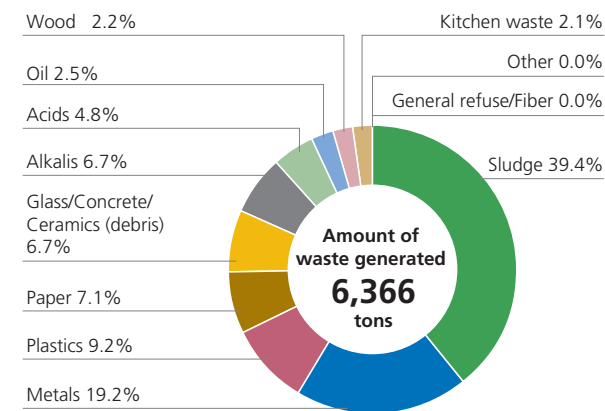
\*1 Waste generated in the relocation of the Head Office and in other relocations relating to organizational restructuring is classed as "special disposal" and is not included in the target values.  
 \*2 Waste from Nikon Lao Co., Ltd. and some parts of Nikon (Thailand) Co., Ltd. is not included in the data.

### Change in the Amount of Waste etc. (Waste plus Resources with Economic Value) Generated by Nikon and Group Companies in Japan



\* Data include special disposal.  
 \* Boundaries have been expanded since the year ended March 2017.

### Breakdown (by Category) of Waste etc. (Waste plus Resources with Economic Value) Generated by Nikon and Group Companies in Japan (Year Ended March 31, 2017)



## ■ Measures Implemented at Non-manufacturing Facilities Outside Japan

In order to save resources, all non-manufacturing facilities outside Japan endeavor to reduce the use of paper cups and other disposable tableware, and to reduce the quantity of documents that are printed out in paper form. Efforts are also made to promote waste separation and to raise awareness of the need for resource recycling. Nikon Instruments (Shanghai) Co., Ltd. (China) and Nikon International Trading (Shenzhen) Co., Ltd. (China) have changed the settings of multifunction devices and introduced new software, which reduces the amount of paper used by allowing confirmation before accidental or unnecessary copying. Nikon India Private Limited uses a service that recycles used paper from the office, turning it into notebooks, which are then once again used in the office.



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

## Green Purchasing

The Nikon Group has adopted an environmentally-friendly approach by promoting “Green Purchasing” of indirect materials (auxiliary materials), which include a wide range of items utilized in the Group’s operations, from ballpoint

pens to PCs. In concrete terms, besides formulating “Basic Policy for the Promotion of Green Purchasing” and “Green Purchasing Promotion Regulations,” the environmental goals laid down in the “Environmental Action Plan” have been used as the basis for setting targets at the level of business facilities, with management based on the setting of Green Purchasing rates for each workplace. In the year ended March 31, 2017, presentations on Green Purchasing procedures were held at 10 Nikon facilities in Japan, with a total of 234 employees participating on behalf of their respective workplaces. With respect to Group companies in Japan, information collection was undertaken in the year ended March 31, 2017 with the aim of harmonizing Green Purchasing management standards between Nikon and Group companies; it is anticipated that Green Purchasing rate management based on unified standards will commence in the year ending March 31, 2018.

Outside Japan, Green Purchasing activity status has been verified at three Group companies in China: Nikon Imaging (China) Co., Ltd., Hikari Glass (Changzhou) Optics Co., Ltd., and Nanjing Nikon Jiangnan Optical Instrument Co., Ltd. Information was also collected regarding the current status of environmentally-friendly products in China.

▶ [Basic Policy for the Promotion of Green Purchasing](http://www.nikon.com/about/sustainability/environment/green_purchasing_policy.pdf)  
[http://www.nikon.com/about/sustainability/environment/green\\_purchasing\\_policy.pdf](http://www.nikon.com/about/sustainability/environment/green_purchasing_policy.pdf)

### Green Purchasing Ratio (Year Ended March 31, 2017)

Nikon	100%
Group Companies in Japan (14 companies)	99.1%

## Conservation of Forest Resources

As part of our forest resource conservation efforts, the Nikon Group is committed to reducing the amount of paper that we use.

Furthermore, with respect to the paper resources that we do use, we encourage employees to switch over to using paper sourced from sustainable forests, in accordance with the Group’s Paper Procurement Policy, which was drawn up in 2013.

▶ [Paper Procurement Policy](http://www.nikon.com/about/sustainability/environment/paper_procurement_policy.pdf)  
[http://www.nikon.com/about/sustainability/environment/paper\\_procurement\\_policy.pdf](http://www.nikon.com/about/sustainability/environment/paper_procurement_policy.pdf)

## ■ Conversion to Using FSC-certified Paper\*

In accordance with the Nikon Group’s Paper Procurement Policy, we are switching over to the use of FSC-certified paper. We are giving priority initially to usages that involve particularly large quantities of paper and therefore having a major impact on society.

Within Japan, we are using FSC-certified paper for all Imaging Products Business catalogs and for printed materials, corporate envelopes, name-cards etc. issued or used by Nikon’s administration departments. Since the year ended March 31, 2017, we have worked to switch over to FSC-certified paper for the paper used by our business units, including the adoption of FSC-certified paper for product catalogs, user’s manuals etc. in other businesses besides the Imaging Products Business, in line with our Environmental Action Plan.

\* FSC-certified paper  
 Paper that is certified as being made using timber from appropriately managed forests.



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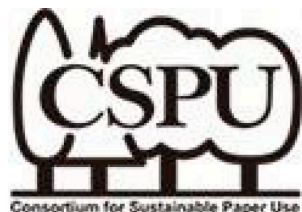
Data Index etc.

> Nikon Environmental Management > Environmental Management Promotion System > Realizing a Low-carbon Society > [Realizing a Resource-circulating Society](#) > Realizing a Healthy and Environmentally-safe Society

## ■ Participation in the Consortium for Sustainable Paper Use

Through its participation in the Consortium for Sustainable Paper Use (CSPU)\*, Nikon is able to strengthen its own initiatives in this area through the exchange of information and ideas with other CSPU member companies, while also contributing to the spreading of awareness of the importance of appropriate paper usage within society as a whole. In the year ended March 31, 2017, Nikon took part in a panel discussion at the “Aiming to Expand Sustainable Paper Use through Inter-firm Collaboration in the Supply Chain” symposium organized by the CSPU; besides reporting on the current state of paper usage within the company, Nikon also exchanged views with companies involved in supplying paper. Participation in this symposium helped Nikon to develop new ideas for concrete methods to promote sustainable paper procurement.

\* Consortium for Sustainable Paper Use  
The Consortium for Sustainable Paper Use (CSPU) is a consortium established in 2013 by a group of corporations that are playing a leading role in promoting sustainable paper use in Japan, the World Wide Fund for Nature (WWF) Japan (a major international environmental NGO), and Response Ability, Inc., a company that is working to promote sustainability in the corporate sector.



CSPU's logo

## Protection of Water Resources

The Nikon Group recognizes the vital importance of water resources, and is making serious efforts to help safeguard them. Water resource risk varies from region to region, so the Nikon Group seeks to identify how much water is used at each business facilities and each Group manufacturing company and how this water is used, and utilizes this information as a basis for appropriate management aimed at reducing water usage.

In the year ended March 31, 2017, the Nikon Group implemented water risk assessment with respect to four business facilities (in and outside Japan) that were considered to have particularly high water risk. The assessment showed that the overall level of water risk for these four business facilities was not excessively high. It is intended that measures will be taken to address this issue.

Of the various products manufactured by the Nikon Group, optical components require particularly large quantities of water in the production process. The business facilities and Group manufacturing companies engaged in the manufacturing of optical components therefore pay special attention to ensuring that wastewater generated in the production process is properly treated, and endeavor to ensure that as much as possible of the water is reused. In addition, water conservation activities are implemented thoroughly to reduce overall water consumption.

In the year ended March 31, 2017, the total amount of water resources used by Nikon and by Group companies in Japan was 2,746,000 m<sup>3</sup>, and the total amount of water resources used by Group manufacturing companies outside Japan was 1,075,000 m<sup>3</sup>.

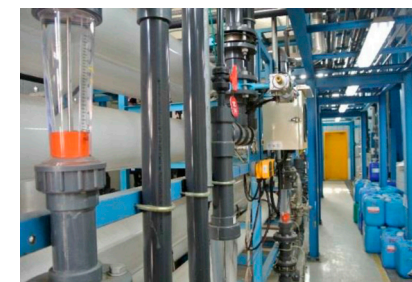
The total amount of wastewater discharged by Nikon and Group manufacturing companies in Japan was 2,183,000 m<sup>3</sup>, and the total amount of wastewater discharged by

Group companies outside Japan was 847,000 m<sup>3</sup>. The total quantity of water resources recycled by Nikon and Group companies in Japan was 2,205,000 m<sup>3</sup>.

## ■ Examples of Water Recycling

Nikon's Sagami-hara Plant, which uses an integrated process covering every stage from materials manufacturing through to component processing, accounts for around half of all water used by the Nikon Group in Japan. The process that uses the most water is the waste gas cleaning process, which involves the removal of acid components contained in gas left over from the glass manufacturing process by using water as an adsorbent. The Sagami-hara Plant recovers, recycles and reuses the water used in the waste gas cleaning process; approximately 60% of the water used in the cleaning process is recycled.

At Hikari Glass Co., Ltd., which manufactures optical glass and optical glass components, around 30% of the water used in the finishing processes is circulated. Since the year ended March 31, 2016, Nikon Imaging (China) Co., Ltd. has been implementing measures that include the reuse of concentrated water discharged from the reverse osmosis (RO) water purification process as water for toilets; these measures have made it possible to reduce water consumption by 22,800 tons per year. By purifying sewage, Nikon Lao Co., Ltd. (in Laos) is able to use approximately 10,150 tons of sewage for the plant's toilets and watering plants in the facility's gardens.



Reuse of concentrated water discharged from the RO water purification process at Nikon Imaging (China) Co., Ltd.

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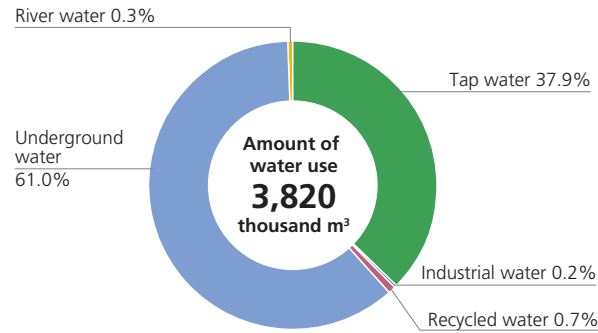


Concentrated water storage at Nikon Imaging (China) Co., Ltd.

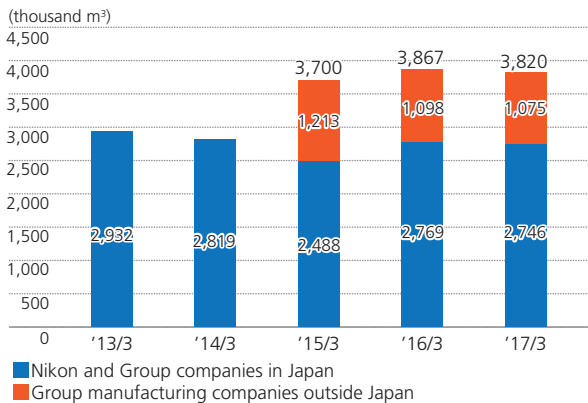


Wastewater treatment system at Nikon Lao Co., Ltd.

**Breakdown of Water Use by Nikon Group  
(Year Ended March 31, 2017)**



**Nikon Group's Water Use**



\* Boundaries (both in and outside Japan) have been expanded since the year ended March 2016.



> Nikon Environmental Management > Environmental Management Promotion System > Realizing a Low-carbon Society > Realizing a Resource-circulating Society > [Realizing a Healthy and Environmentally-safe Society](#)

## Realizing a Healthy and Environmentally-safe Society

The Nikon Group sets environmental targets addressing products and business facilities, relating to chemical substance management tailored to the provision of healthy and environmentally-safe products, as well as making a positive contribution towards maintaining the natural environment in the local community. We work steadily towards the realization of these targets.

### Reducing the Use of Hazardous Substances in Products

The Nikon Group has formulated a range of measures for all of our products, to reduce the use of hazardous substances and ensure compliance with international regulations governing hazardous substances.

#### ■ Responding to Regulations on Hazardous Chemical Substances

To safeguard human health and reduce environmental risks, the Nikon Group strives to implement rigorous chemical management that adheres to international regulatory frameworks. We have also responded proactively to the introduction of environmental laws and regulations worldwide, including the EU's RoHS directive\*<sup>1</sup> and REACH regulation\*<sup>2</sup>.

As Nikon products are made from a very large number of materials and components, we work closely with our procurement partners to reduce the use and discharge of hazardous substances in the supply chain.

\*1 RoHS directive  
See P30

\*2 REACH regulation

A regulation on chemical substances issued by the EU in 2007, REACH stands for "Registration, Evaluation, Authorisation and Restriction of Chemicals." Under this regulation, manufacturers and importers of chemical substances are required to register information on the safety and use of these substances.

#### Main Measures for Chemical Substance Management

1. Researching on recent global trends in related laws and regulations
  - Collecting information from external committees, etc.
2. Implementing surveys of hazardous chemical substances in products
  - Conducting surveys via the supply chain
  - Making effective use of IT to realize efficient data management
  - Implementing chemical analysis, etc.
3. Discussing countermeasures of the Nikon Group
  - Utilizing the relevant internal environment-related systems (committees, etc.)
4. Communicating countermeasures, both internally and externally, in a timely manner
  - Providing instructions regarding reduction or switching over to alternatives to hazardous chemical substances, etc.
  - Formulating and updating the Nikon Green Procurement Standards
5. Confirming appropriate response to laws and regulations
  - Implementing assessments
6. Confirming the chemical management implementation status of procurement partners, and helping them to upgrade it
  - Auditing procurement partners' chemical substance management systems
  - Providing support to help procurement partners establish chemical substance management systems

#### ▶ REACH Compliance

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

#### ■ Discontinuing the Use of All Ozone-layer-depleting Substances

The Nikon Group gradually decreased the use of ozone-layer-depleting hydrochlorofluorocarbons (HCFCs), which were used as refrigerants needed to regulate the temperature in semiconductor and flat-panel display (FPD) lithography systems, and finally discontinued their use in all Nikon products for equipment shipped

in and after the year ended March 31, 2009.

#### ■ Adoption of Technology that Does Not Use Hazardous Substances

The Nikon Group has worked to develop technology that does not use hazardous substances.

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

In the 1990s the Nikon Group developed lead- and arsenic-free glass\*, as we recognized that the lead and arsenic used in most optical glass at that time had a serious environmental impact.

##### Across-the-board adoption of lead-free solder technology

The Nikon Group has adopted a thorough-going approach to the adoption of lead-free solder. Today, the ratio of lead- and arsenic-free glass, and lead-free solder, in new designs is 100%, with the exception of certain products with special specifications for industrial use.

##### Adoption of hexavalent chromium-free technology for surface treatment processes

We have formulated rigorous technical standards in order to discontinue the use of heavy metals (hexavalent chromium, lead, cadmium, and mercury) in all surface treatment processes, including plating, and we ensure that these standards are followed by providing individual technical support for our procurement partners contracted to perform surface treatment processes, and by implementing chemical analysis of finished products.

\* Lead- and arsenic-free glass

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

## Promoting Green Procurement

Working in collaboration with our procurement partners, the Nikon Group works to realize Green Procurement in the supply chain.

### ■ Approach to Green Procurement

The Nikon Group’s fundamental approach to Green Procurement, based on the Nikon Basic Green Procurement Policy, is to give priority to the purchase of items produced while taking environmental issues into consideration and suppliers who are proactive in caring for and conserving the environment. In concrete terms, when signing contracts with procurement partners, we require them to implement environmental management equivalent to that specified by the Nikon Green Procurement Standards, to follow the provisions of the Standards when implementing management of chemical substances in their products, and to put in place the relevant systems. With regard to management of chemical substances in products, the “Separate Volume – Corresponding Chemical Substance List” compiled as an annex to the Nikon Green Procurement Standards specifies which chemical substances are prohibited and which must be specially managed, and procurement partners are expected to follow these requirements. Both the Standards and the List are revised and updated regularly in line with domestic and international laws and regulations.

[Nikon Green Procurement Standards](http://www.nikon.com/about/corporate/procurement/green/)  
<http://www.nikon.com/about/corporate/procurement/green/>

### ■ Green Procurement Promotion System

To ensure thorough implementation of Green Procurement activities, besides formulating relevant rules and

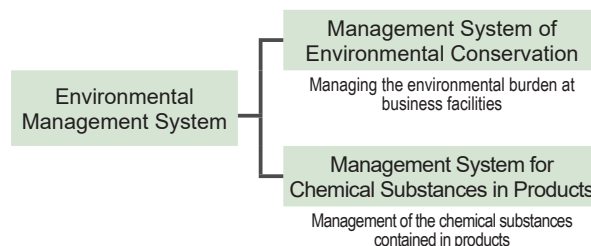
procedures, the Nikon Group has also established the Green Procurement Promotion Conference, under the Supply Chain Subcommittee. The Council discusses and implements specific activities and measures, and conducts management of Green Procurement promotion.

### ■ Building Environmental Management Systems through the Supply Chain

The Nikon Group’s procurement partners include approximately 1,700 companies engaged in the manufacturing of raw materials, components, etc. For these procurement partners involved in manufacturing, the Nikon Group holds presentations about the surveys of chemical substances in products, and Nikon Group requires them to comply with chemical substance regulations in accordance with the Nikon Green Procurement Standards, and to put in place and utilize environmental management systems that meet the requirements of the Standards.

The Nikon Group’s environmental management system comprises the management system of environmental conservation and the management system for chemical substances in products. With regard to the management system for environmental conservation, many of the Nikon Group’s procurement partners have been awarded ISO 14001 or Eco-Action certification, and in the year ended March 31, 2017, there were no reports of any procurement partners being involved in violations of environment-related laws.

#### Environmental Management System



### ■ Environmental Management System Audit and Nikon Environmental Partner Certification

The Nikon Group selects roughly 550 manufacturing-related procurement partners to be the targets of environmental management system audits, taking into account the risk of the procurement partner being involved in a violation of environmental-related laws or regulations; audits are then implemented sequentially, targeting these companies. If the audit results show any deficiencies in environmental management systems, the procurement partner in question will be required to remedy the situation. In the case of procurement partners that have not yet put an environmental management system in place, depending on the circumstances the Nikon Group may provide support to help them establish their own system. Those procurement partners that meet the environmental management system requirements specified by the Nikon Green Procurement Standards are certified as Nikon Environmental Partners. This certification must be renewed, through a further audit, once every three years. Every year, a target is set for the cumulative total number of procurement partners that have been certified. In the year ended March 31, 2017, the target of 375 companies was met; the target for the year ending March 31, 2018 is 415 companies. Internal audits are also implemented targeting business divisions within the Nikon Group itself, to verify the status of management system for chemical substances in products establishment.

#### Nikon Group Audit and Certification Performance

(Unit: companies)

Category	Performance in the year ended March 31, 2017	Cumulative total
Audits	First audits: 59	439
	Repeat audits: 86	
Environmental Partner certification	New certifications: 58	407
	Certification renewals: 86	

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> Nikon Environmental Management > Environmental Management Promotion System > Realizing a Low-carbon Society > Realizing a Resource-circulating Society > [Realizing a Healthy and Environmentally-safe Society](#)

## ■ Cultivation of Environmental Management System Auditors

To ensure that we are able to implement environmental management system audits to a high standard both in and outside Japan, the Nikon Group cultivates auditing personnel.

Personnel working in the quality assurance departments and procurement departments of individual business units undergo training relating to procurement partner environmental audits, and are tested; those who pass the tests are registered as environmental management system auditors.

To support the cultivation of audit team leaders, who play a particularly important role in auditing work, an Environmental Management System Audit Team Leader Requirements Checklist (Version 2) has been drawn up. Besides using this checklist to drive improvements in audit content, efficiency is being enhanced by shifting the main focus of auditing activities to the business unit level.

### Status of Environmental Management System Auditors (Year Ended March 31, 2017)

	Personnel undergoing training	Auditors
In Japan	17	111
Outside Japan	0	19

## ■ Procurement-related Employee Education

In Nikon Group in Japan, Green Procurement training is included as part of the Buyer Training undergone by all employees newly assigned to procurement roles.

In Group companies outside Japan, also, presentations are arranged for employees.

> Nikon Environmental Management > Environmental Management Promotion System > Realizing a Low-carbon Society > Realizing a Resource-circulating Society > **Realizing a Healthy and Environmentally-safe Society**

## Management and Reduction of Hazardous Chemical Substances

The Nikon Group properly manages and works to reduce chemical substances in each business facility and Group manufacturing company. We also report and disclose information in line with relevant laws and guidelines.

In addition, to prevent air pollution, water pollution and soil contamination caused by the emission of hazardous chemical substances, besides complying with relevant laws and regulations, we also implement various other measures, including the signing of agreements between business facilities and local civic organizations, and the adoption of voluntary standards.

### Control and Reduction of Chemical Substances in Manufacturing

The Nikon Group continues to strive to reduce the risk of environmental pollution as close as possible to zero, by implementing environmentally-friendly management of chemical substances from purchase and use through to disposal, so as to prevent environmental pollution.

When any new chemical substance is purchased for the first time, the Nikon Group always obtains a safety data sheet (SDS)\*, and the workplace where the substance will be used conducts a prior assessment of the risks associated with that substance. The measures implemented based on the assessment are then checked and confirmed by the environment, safety and health department from an expert's perspective.

With regard to chemical substances with a high environmental impact that are specified as such in laws and ordinances, the local Environmental Subcommittee etc. implements thorough management aimed at reducing use of the substance in question, and research into alternative

substances that can be used instead. For example, in the year ended March 31, 2016, a Countermeasures Working Group was established to consider possible alternative substances and the adoption of recycling equipment, etc., with the aim of reducing the quantity of volatile organic compounds (VOCs) released during cleaning processes.

\* Safety Data Sheet (SDS)

To promote improvements in the appropriate management of chemical substances by business enterprises, when a chemical substance specified by the Chemical Substances Control Law (CSCL), or a product containing such a substance, is transferred or supplied from one enterprise to another, the transferring or supplying enterprise is required to provide, in advance, a safety data sheet (SDS) noting information about the characteristics of the chemical substance and how it should be handled.

### ■ The Nikon Group's PRTR

Nikon Group in Japan implement appropriate management of the chemical substances used in each business facility in accordance with the Nikon PRTR Guide which was compiled in March 2000. The Guide content covers quantitative management at every stage from purchase through use to disposal, handling in accordance with safety data sheets (SDSs), and safe management of waste. The Guide is revised as necessary to reflect recent changes in relevant laws and regulations.

#### PRTR Survey Results (Year Ended March 31, 2017)

(Unit: kg)

Business facility		Nikon					Group manufacturing companies in Japan			
Substance no.	20	71	185	384	392	53	66	80	185	
Substance name	2-amino ethanol	Ferric chloride	Dichloro penta fluoro propane	1-bromo propane	Normal hexane	Ethyl benzene	1,2-Epoxy butane	Xylene	Dichloro penta fluoro propane	
Volume handled	2,051	714	45	17,713	2	78	3	98	1,605	
Amount released	Air	0	0	45	17,712	2	70	3	88	1,605
	Public water	0	0	0	0	0	0	0	0	0
	Amount in on-site landfill	0	0	0	0	0	0	0	0	0
	Soil	0	0	0	0	0	0	0	0	0
Amount transferred	Sewage	0	0	0	0	0	0	0	0	0
	Waste	2,051	714	0	1	0	8	0	10	0
Business facility		Group manufacturing companies in Japan							Total	
Substance no.	300	305	359	384	392	405	411	420		
Substance name	Toluene	Lead compounds	N-butyl-2,3-epoxy propyl ether	1-bromo propane	Normal hexane	Boron compounds	Form aldehyde	Methyl methacrylate		
Volume handled	2,392	8,839	0	24,944	38	6,619	0	0	65,141	
Amount released	Air	2,287	10	0	24,882	38	30	0	0	46,773
	Public water	0	0	0	0	0	2	0	0	2
	Amount in on-site landfill	0	0	0	0	0	0	0	0	0
	Soil	0	0	0	0	0	0	0	0	0
Amount transferred	Sewage	0	0	0	0	0	0	0	0	0
	Waste	104	8,829	0	62	0	6,587	0	0	18,367

\* Nikon: The Head Office, Oi Plant, Shonan Branch and Mito Plant do not handle substances that are subject to reporting.

\* Main Group companies in Japan: Nikon Instech Co., Ltd., Nikon Systems Inc., and Nikon Vision Co., Ltd. do not handle substances that are subject to reporting.

\* The figures given for total volume handled may vary slightly from the subtotals due to rounding.

\* PRTR: In Japan, the Pollutant Release and Transfer Register (PRTR) system is a system used by government to collect, tabulate and disclose data on chemical substances that might have harmful effects on human health and ecosystems. PRTR data are compiled by companies and reported to the government on an annual basis for collation and publication.

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> Nikon Environmental Management > Environmental Management Promotion System > Realizing a Low-carbon Society > Realizing a Resource-circulating Society > [Realizing a Healthy and Environmentally-safe Society](#)

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

The Nikon Group observes stringent safekeeping and notification practices for waste and in-use electrical equipment containing polychlorinated biphenyl (PCB), which can be harmful to the environment, in compliance with relevant laws and regulations.

The business facilities that use the types of equipment in question include three Nikon plants and three Group manufacturing companies in Japan. The main types of equipment involved are capacitors (creating high-density PCB waste) and transformers (creating low-density PCB waste).

Besides the high-density PCB waste that has already been disposed of properly, we also plan to dispose of the remaining PCB-containing waste and electrical equipment in use. This will be carried out so as to meet the deadline specified in the Act on Special Measures Concerning Promotion of Proper Treatment of PCB Wastes (PCB Special Measures Law)\*, in cooperation with Japan Environmental Storage & Safety Corporation (JESCO) for high-density PCB waste and with a government-certified waste disposal operator for low-density PCB waste.

\* Low Concerning Special Measures for Promotion of Proper Treatment of PCB Wastes  
The Low Concerning Special Measures for Promotion of Proper Treatment of PCB Wastes (PCB Special Measures Law) is a special measures law aimed at promoting the appropriate processing of polychlorinated biphenyl (PCB) waste. Under this law, business operators that had PCBs in storage were required to properly dispose of them by July 2016; following a partial revision of the Act in December 2012, this deadline was extended to March 2027.

## ■ Prevention of Air, Water and Soil Pollution

Neither Nikon nor any Group manufacturing company in Japan emitted regulated substances into the air at levels exceeding those permitted by the relevant standards in the year ended March 31, 2017. There was one case of wastewater quality not meeting the legally-mandated standards; however, appropriate measures were taken, and the situation had been remedied by the following month.

More detailed information, and data for each business facility, are available in the environmental data sheets for business facilities.

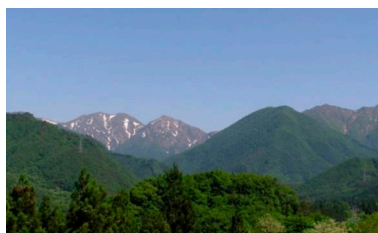


## Community Contribution Activities in the Environmental Field

Recognizing that the need to resolve environmental problems is a pressing issue that is shared by all countries throughout the world, the Nikon Group provides support for environmental conservation activities undertaken by NPOs and NGOs, and implements activities aimed at spreading environmental awareness among the next generation. We are also undertaking environmental conservation activities rooted in local communities at business facilities and Group companies.

### ■ Supporting the AKAYA Project in Japan

Since 2005, the Nikon Group in Japan has been supporting the AKAYA Project, which aims to restore biodiversity and build a sustainable regional community. The focus of this project is the Akaya Forest, a 10,000-hectare National Forest that is located mainly within Minakami Township in Gunma prefecture, but extends into Niigata prefecture. This project involves a range of activities being implemented jointly by the government, local residents and The Nature Conservation Society of Japan (NACS-J), using scientific, empirical forest-restoration techniques to restore biodiversity. As part of the AKAYA Project, starting in 2014 measures have been implemented to improve the habitat of the critically-endangered Japanese Golden Eagle; the Nikon Group has donated binoculars and digital cameras that have been used for monitoring the Golden Eagle behavior.



Full view of the Akaya Forest

### ■ Supporting the Children's Forest Program in Thailand

Since 2012, Nikon has been supporting the Children's Forest Program in Thailand—an international program organized by The Organization for Industrial, Spiritual and Cultural Advancement - International (OISCA). The Children's Forest Program is a global project that seeks to expand the world's forests through awareness-raising activities aimed at children and through tree-planting activities.

In Thailand, the Children's Forest Program has focused mainly on northern Thailand, where there is an urgent need to strengthen forests' watershed protection function; activities are being implemented to raise awareness of the importance of forest conservation among local residents and their children, and to promote tree-planting near schools. Since 2015, tree-planting activities have been carried out in Maekpaklae Village in northern Thailand as a pilot project; in the year ended March 31, 2017, local residents and their children planted a total of around 2,500 trees on 2 hectares of land.



Tree planting in Chiang Kong (photo courtesy of OISCA Thailand)

### ■ Environmental Awareness-raising Activities for Children

The Nikon undertakes a range of environmental awareness-raising activities, including the holding of workshops and the distribution of booklets, aimed at enhancing children's awareness of the importance of forests and the need to safeguard biodiversity. At the "AKAYA Forest Castanets" workshop, held in collaboration with the Nature Conservation Society of Japan (NACS-J), children enjoy a Kamishibai performance (a traditional Japanese children's entertainment that combines storytelling with pictures that illustrate the stories) featuring animals such as

bears and Japanese Golden Eagles that live in the forest, and the children also have the opportunity to decorate wooden castanets that are made from timber sustainably harvested from beech trees and Yamazakura cherry trees planted to regenerate the Akaya Forest. In the year ended March 31, 2017, this workshop was held at the Nikon Mito Plant booth at the Mito City Environmental Fair, and at a Minato Eco-Conscious Consortium event held in the Minato District of Tokyo.

Nikon has also created the "AKAYA NOTE" booklet, a learning tool with the Akaya Forest as its topic that provides a fun way for children to learn about biodiversity; this brochure is distributed free of charge to schools etc. To date, a total of around 7,000 copies have been printed and distributed, and these brochures are now being extensively used by schools and at nature study sessions, etc.



A workshop being held at the Mito City Environmental Fair

### ■ Community Contribution Activities

As part of our efforts to make a positive contribution towards preserving the natural environment in the local communities where we operate, in addition to everyday activities such as cleaning and cutting grass in the areas around our business facilities, Nikon and Group manufacturing companies in Japan are also participating actively in, and providing support for, local environmental conservation activities and regional revitalization activities.

In the year ended March 31, 2017, a total of around 1,200 employees of Nikon business facilities participated in these types of activities.



Clean-up activity in the area around a Nikon manufacturing facility (Mito Plant)



> [Human Rights Initiatives](#)

# Respect for Human Rights

To support and respect the protection of internationally proclaimed human rights as a member of global society.

## Activity Policies

- Nikon Corporate Social Responsibility (CSR) Charter
- Nikon Code of Conduct
- UN Global Compact

## Relevant Priority Issues

- Respect for human rights and labor practices, and promotion of diverse employees

## Human Rights Initiatives

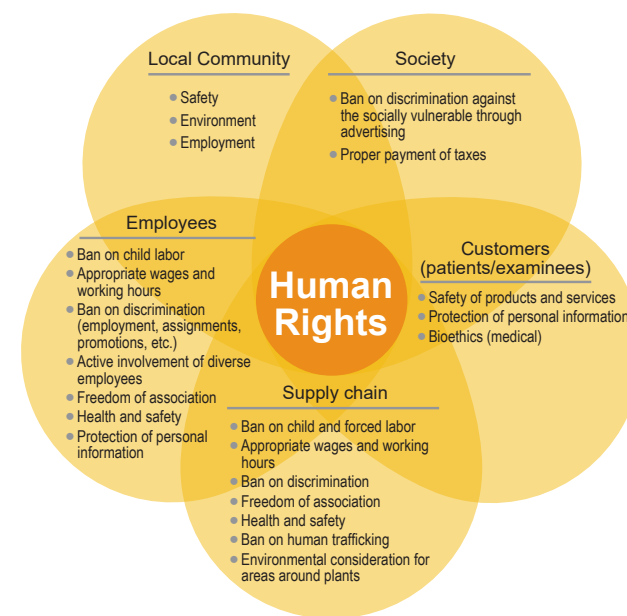
Nikon Group respects human rights. We strive neither to be engaged in human rights abuse by ourselves nor to be involved in any such activities in complicity with others.

### Basic Policy

Through our business activities, Nikon Group is directly and indirectly involved in the human rights of a variety of stakeholders, including our customers, employees, and the people who live in the communities around our business facilities. In order to respect the basic human rights of all people and eliminate all forms of discrimination and harassment, forced and child labor, and human trafficking, Nikon Group engages in initiatives centering around human rights advisory committees and departments in charge of human rights.

In the international community, awareness of the high risk of the violation of the human rights of workers in supply chains has increased. Nikon Group is aware of this issue as well and in turn we have established the Nikon CSR Procurement Standards based on the Electronic Industry Citizenship Coalition (EICC) Code of Conduct to tackle supply chain human rights and worker issues. Further, as regards conflict minerals, a cause of serious human rights violations, we have established our own Policy on Conflict Minerals and are continuously engaged in the issue.

### ● Nikon Group and Human Rights



### Main Committees and Departments in Charge and Handling Themes Related to Human Rights

Committees and departments in charge	Main handling themes
CSR Committee	General human rights
Human Resources Department	Employee employment, treatment, promotions, health and safety, etc.
Information Security Department	Protection of personal information
Bioethics Committee	Bioethics (ethics of researching concerning human beings)
Supply Chain Subcommittee	Supply chain human rights (conflict minerals, modern slavery, etc.)

[> Human Rights Initiatives](#)

## Initiatives for Preventing Human Rights Violations

Internal human rights and labor investigations are conducted annually in Nikon Group. These investigations examine whether incidents of discrimination and other serious matters have taken place. Their results are reported to the CSR Committee, which orders that additional investigations or corrections be made as necessary in an effort to stop and prevent their recurrence. In the year ended March 31, 2017, investigations were conducted at Nikon Group, including non-consolidated Group companies, with no serious problems having been found. As regards our supply chain, the Nikon CSR Procurement Standards ask that our supply partners respect the human rights of workers. Specifically, they are asked to comply with laws and social standards (such as bans on child and forced labor, issues related to the problem of conflict minerals) regarding the human rights of all employees, including temporary, migrant, student, contract, direct, and any other type of employee. In addition, self-implemented CSR investigations and audits are conducted at our supply partners to aid in our understanding of actual conditions. In the year ended March 31, 2017, investigations were conducted 214 companies and audits at 3, with no serious problems being discovered. Moreover, as regards the problem of conflict minerals, investigations regarding the source countries of conflict minerals and due diligence are conducted by Nikon Group annually. Investigations conducted in the year ended March 31, 2017 did not identify the use of any minerals which were related to conflicts.

[▶ Promoting CSR Procurement \(P67\)](#)

[▶ Dealing with the Issue of Conflict Minerals \(P69\)](#)

## Investigation Regarding Human Rights Risks Concerning Immigrant Workers in Thailand

In recent years NGOs and the media have identified high human rights risks concerning immigrant workers in Thailand. As Thailand is one of our key production bases, Nikon Group commissioned an investigation from an external professional body in the year ended March 31, 2017 with the aim of gaining an understanding of the current situation.

## Reporting and Consultation System

Nikon Group has established the Code of Conduct Hotline (Reporting and Consultation System) for employees which they can use to discuss issues concerning human rights.

[▶ Code of Conduct Hotline \(Reporting and Consultation System\) \(P87\)](#)

## Human Rights Education

Nikon Group publishes a CSR newsletter aimed at all Group employees, part of the purpose of which is to provide them with information on and educate them about human rights. In addition, in the year ended March 31, 2017, Nikon Group conducted education and training in Japan regarding internationally recognized human rights issues such as conflict minerals and modern slavery for our Corporate Ethics Coordinators, Supply Chain Subcommittee members, and employees in charge of procurement in our business units. In addition, overseas, we implemented education for employees in charge of procurement in China, Thailand, and Europe. We also held information sessions regarding our CSR Procurement Standards and conflict mineral investigations for our supply partners with the aim of deepening their understanding of the importance of tackling human rights issues and Nikon Group's respect for human rights.

[▶ Promoting CSR Procurement \(P67\)](#)

## Compliance with the UK Modern Slavery Act

The Modern Slavery Act came into effect in the United Kingdom in October 2015. Nikon Group has released a statement on website in accordance with the act.

# Labor Practices

Nikon seeks out talent that follows its company philosophy of "Trustworthiness and Creativity," and follows best practices for the Nikon Group in terms of skill development, human resource (HR) development, hiring and HR evaluations.

## Activity Policies

- Competency
- FUTURE IN FOCUS

## Relevant Priority Issues

- Respect for human rights and labor practices, and promotion of diverse employees

## Human Resources Management System / Human Resources Development / Labor Relations

The Nikon Group recognizes HR management as a key measure for accomplishing its corporate management policy. We strive to provide a working environment that empowers the personal and professional growth of each and every employee.

### Global Human Resources Policy FUTURE IN FOCUS

FUTURE IN FOCUS is the name given to the Nikon Group's HR policy for developing its talent globally. Our goal is to create a working environment where our diverse pool of employees can actively contribute in a broad range of fields within the Nikon Group, regardless of nationality, race or gender.

#### ● The Three Pillars of FUTURE IN FOCUS

##### Competency

By clarifying the talent we require to realize our corporate philosophy and management targets using the term competency, we provide a sense of unity in our management policy and the actions of individual employees, enabling the entire company and Group to work as one toward fulfilling our targets.

##### Performance and Development

This is the name given to an evaluation system that combines target management and competency evaluations. This enables supervisors and their people to communicate actively and continuously with one another, supporting each and every employee to reach their goals and achieve professional growth.

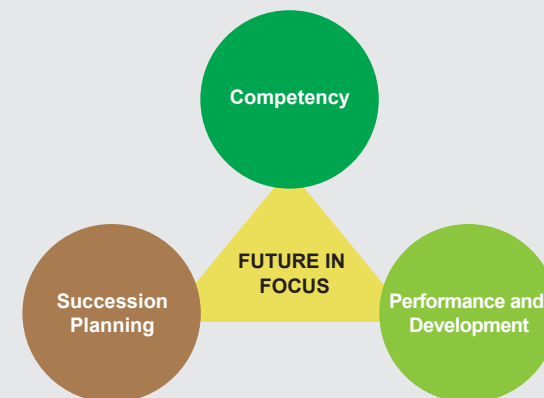
##### Succession Planning

To ensure the sustained robust growth of the Nikon Group, we identify key positions for achieving management targets and continuously select, develop and appoint talent from Group companies to fill these positions, regardless of their nationality, race or gender.

### ■ Competency-based Human Resources Evaluations

We are utilizing human resources across the Nikon Group by reflecting the mechanisms of HR development and evaluation in the HR policies of each Group company following the FUTURE IN FOCUS concept.

As of the year ended March 31, 2017, this process has been completed at 37 companies of Nikon Group. Efforts will continue to be made to steadily roll out this process at the other Group companies that remain.



## Human Resources Management System

Each company of the Nikon Group has established its own HR management system to provide a work environment that enables each employee to get the most out of their skill set.

Nikon classifies its employees by four levels, Junior Staff, Mid-Level Staff, Senior Staff, and Professional/Management, according to their abilities and clearly states the respective responsibilities of each. We also have a dual-track system; namely, a professional track and a management track, where employees are given the opportunity to consider how they want to contribute to the company.

In addition, we are establishing frameworks that provide employees with the motivation to achieve their goals through various systems that evaluation of both performance and development.

### ■ Main Career Development Programs (Nikon)

#### Self Reporting System

Employees meet with their supervisors as necessary, while considering their future aspirations on an annual basis, to connect to their future career.

#### Career Counseling

We have established offices where employees can consult about improving their skills and advancing their careers if they so desire. These offices support employees to shape their careers by advice through counseling.

#### Open Recruitment System

The open recruitment system enables employees to apply for open recruitment when a new employee is required by a department, such as when launching new projects or expanding businesses.

#### Career Matching Support System (FA System)

This support system matches the desires and competency of employees with the HR needs of each department.

## Human Resource Development

The Nikon Group clearly defines competency as a key trait of the people who will help it realize the corporate philosophy is "Trustworthiness and Creativity." Competency also forms a pillar of our Human Resources Development initiatives. Nikon offers a wide range of training and educational programs based on work duties, career trajectory, and company goals that are closely linked with the HR systems of other Group companies. In the year ended March 31, 2017, Nikon held a total of 244 training courses, which were attended by a total of 10,415 employees. On average, Nikon employees spent 1.56 days undergoing training during the year. Training participants are given a questionnaire on their training course to complete, which is then used to assess training curriculum and make continual improvements. Employees of the Group companies in Japan can also take part in training courses offered by Nikon, while each Group company in Japan provides employees with its own human resource development and training programs.

### ■ Examples of Training Offered by Nikon

- Mandatory training for nominated individuals at certain career milestones, such as promotions or specified years of service
- Application-based training for improving skills and knowledge through independent initiative
- Targeted training for women, foreign nationals, and managerial candidates

**Nikon Training System (Year Ended March 31, 2017)**

	By job level	Career development	Targeted	Open recruitment
Professional/ Management	<ul style="list-style-type: none"> <li>Training for select employees (MMC)</li> <li>Training for newly promoted employees</li> </ul>	<ul style="list-style-type: none"> <li>59 years old</li> <li>55 years old</li> <li>50 years old</li> </ul>	<ul style="list-style-type: none"> <li>Training for evaluators (section managers)</li> <li>Training for evaluators (assistant managers)</li> </ul>	<ul style="list-style-type: none"> <li>Business skills</li> <li>Technical skills</li> <li>OA skills</li> </ul>
Senior Staff	<ul style="list-style-type: none"> <li>Training for select employees (PMC)</li> <li>Training for newly promoted employees</li> </ul>	<ul style="list-style-type: none"> <li>40 years old</li> </ul>	<ul style="list-style-type: none"> <li>Employees assigned overseas</li> <li>Pre-departure orientation training</li> <li>Language school</li> <li>Language learning English Japanese</li> <li>Women Self-fulfillment Mentor program</li> </ul>	
Mid-Level Staff	<ul style="list-style-type: none"> <li>Training for newly promoted employees</li> </ul>	<ul style="list-style-type: none"> <li>4th year</li> <li>3rd year</li> <li>2nd year</li> <li>1st year follow-up</li> </ul>	<ul style="list-style-type: none"> <li>Manufacturing human resources</li> <li>Manufacturing training (new hires)</li> <li>Select development of manufacturing human resources</li> </ul>	<ul style="list-style-type: none"> <li>Other</li> <li>E-learning</li> <li>Subsidies for correspondence education</li> <li>Support for business department training</li> </ul>
Junior Staff	<ul style="list-style-type: none"> <li>Training for new hires</li> <li>- New engineer training</li> <li>- New administrative staff training</li> <li>- Manufacturing technology training</li> <li>- Plant tours</li> </ul>	<ul style="list-style-type: none"> <li>At time of hiring (regular hiring and mid-career hiring)</li> </ul>	<ul style="list-style-type: none"> <li>OJT instructor Support</li> </ul>	<ul style="list-style-type: none"> <li>Training by specialized departments</li> </ul>

## Labor Relations

Nikon supports the principles of the UN Global Compact and respects basic labor rights.

Nikon has two labor unions. The Nikon Labor Union (a member of the Japanese Association of Metal, Machinery, and Manufacturing Workers [JAM] mostly made up of employees of SMEs in the metal industry), and the Nikon Chapter of the All-Japan Metal and Information Machinery Workers Union (JMIU). As of the year ended March 31, 2017, the total number of labor union members stood at 4,524, consisting of 4,523 Nikon Labor Union members and 1 JMIU Nikon Chapter member. The company and unions discuss various issues related to the labor environment, hold joint study meetings, and exchange opinions as necessary.

At Group companies in Japan, Nikon Labor Union chapters and employee-elected representatives serve the same role. At Group companies outside Japan, issues are discussed either by the company's in-house union or through the consultation with an outside labor union to which employees belong. At companies where there is no labor union, we hold briefings for all employees, dialogue with employee groups, and face-to-face meetings with individual employees. As a result, currently, labor and management maintain generally good relations.

Whenever a substantial change is made to the job description of a Nikon Group employee, the matter is discussed with his or her union or employee representative in advance to obtain their approval, ensuring adequate time is taken to communicate the change to the employee.

# Diverse, Thriving Employees

The Nikon Group respects the diversity and human rights of employees that come from various backgrounds and actively strives to build an environment allowing success by maximizing the skills of each and every employee.

## Respect for Diversity

The Nikon Group encourages diverse employees. We respect the diversity and human rights of our employees and provide fair treatment, with the goal of providing a workplace where our employees can thrive professionally as a team utilizing their individual skills and talents. Specifically, the Nikon Group treats all employees on an equal basis, regardless of race, beliefs, gender, educational background, nationality, religion, or age, respects their individuality and human rights, and provides them with workplaces where they can be highly motivated. In addition, our approach emphasizes diversity in our corporate culture by positioning the ability to accept diversity as one of the competencies of the Nikon Group. Currently, in Japan Nikon's Human Resources Department is heading up activities focused on such initiatives as women's empowerment and supporting persons with disabilities. In turn, the results of these activities are reported regularly to the CSR Committee. Our training programs for newly promoted managers (91 employees participated in the year ended March 31, 2017) include a session to review the diversity. Furthermore, we are implementing initiatives to deepen understanding of diversity. These include covering the need for work-style innovation to take diversity efforts, including women, to the next level as well as next generation education support policies, within information

on HR policies and work time management periodically communicated to managers.

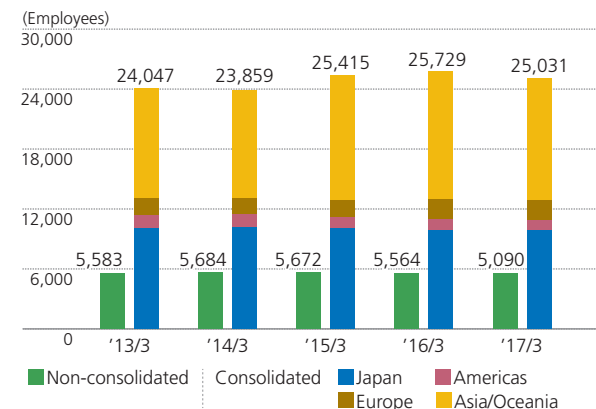
### Numbers of New Hires

(Unit: persons)

		Year ended March 2017	Total
Nikon	Men	108	137
	Women	29	
Group companies in Japan	Men	73	90
	Women	17	
Group companies outside Japan	Men	302	513
	Women	211	

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

### Changes in the Number of Employees by Region



\* Consolidated figures include permanent and non-regular staff of the Nikon Group and director of Group companies. For regional percentages, employees of Nikon who are temporarily dispatched to Group companies are included in the region to which they are assigned, while employees dispatched to non-consolidated companies are not included. Employees of Nikon Metrology NV and its subsidiary group companies are included in the European figures.

### Employee Composition

(Unit: persons)

		'13/3	'14/3	'15/3	'16/3	'17/3
By region	Total	24,047	23,859	25,415	25,729	25,031
	Japan	10,062	10,168	10,035	9,870	9,835
	Europe	1,687	1,695	1,626	2,011	2,040
	Americas	1,320	1,273	1,198	1,103	1,010
	Asia/Oceania	10,978	10,723	12,556	12,745	12,146

\* Consolidated figures include permanent employees and non-regular staff of the Nikon Group and executive officers of Group companies. For regional percentages, employees of Nikon who are temporarily assigned to Group companies are included in the region to which they are assigned, while employees assigned to non-consolidated companies are not included. Employees of Nikon Metrology NV and its subsidiaries are included in the figures for Europe.



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## Average Age

(Unit: years old)

		'13/3	'14/3	'15/3	'16/3	'17/3
Men	Nikon	44.4	44.7	44.3	45.5	45.9
	Group companies in Japan	41.8	42.4	42.9	43.4	42.4
	Group companies outside Japan	36.3	37.2	37.4	38.8	39.0
Women	Nikon	39.0	39.3	39.0	40.2	40.7
	Group companies in Japan	42.5	43.2	44.0	44.2	44.3
	Group companies outside Japan	31.8	32.6	32.0	32.6	33.9

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

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

## Average Years of Service

(Unit: years)

		'13/3	'14/3	'15/3	'16/3	'17/3
Men	Nikon	19.9	20.1	20.3	20.5	20.8
	Group companies in Japan	15.2	15.5	15.9	16.4	16.0
	Group companies outside Japan	7.8	8.4	8.9	9.1	9.5
Women	Nikon	14.6	14.8	15.1	15.5	15.9
	Group companies in Japan	16.5	16.9	17.3	18.1	17.2
	Group companies outside Japan	6.1	7.1	6.9	7.7	8.7

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

\* Includes Nikon employees who are temporarily assigned to affiliated companies.

## Turnover

(Unit: persons)

		'13/3		'14/3		'15/3		'16/3		'17/3	
		Retirees	Others	Retirees	Others	Retirees	Others	Retirees	Others	Retirees	Others
Nikon	Men	68	76	28	102	37	142	41	205	32	161
	Women	3	11	2	9	3	18	1	20	1	11
Group companies in Japan	Men	50	55	38	61	47	93	66	107	31	123
	Women	7	18	8	20	10	25	8	34	4	50
Group companies outside Japan	Men	25	182	11	221	26	304	14	320	39	465
	Women	8	93	13	131	14	192	13	220	5	261

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

## Women in the Workplace

The Nikon Group is working to promote the more active involvement of female employees in Japan while conducting the same hiring and treatment of employees regardless of gender. We reaffirmed the need to continue making improvements in terms of the low number of female employees and females in management positions, which we have been working on for some time, after analyzing the state of female employees at Nikon as a response to Act on Promotion of Women's Participation and Advancement in the Workplace enacted in April of 2016.

### ■ Increasing the Number of Female Employees

The ratio of female employees at Nikon as of the end of March 2017 was 11.0%. We have set a target to reach a ratio of 25% or more females during regular hiring between the year ended March 31, 2017 and the year ending March 31, 2020 to further increase the ratio of women working at Nikon. We participated in several joint job fairs for women and also held events such as informal gatherings with our female engineers aimed at increasing the percentage of female hires to reach the above target. Looking forward, we are actively expanding hiring activities such as enhancing employment events for female students studying the sciences, among other efforts.

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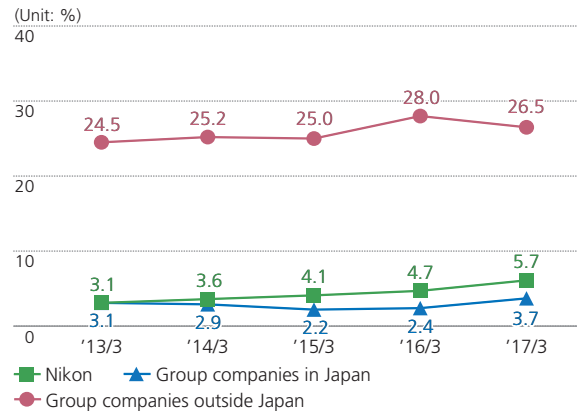
### ■ Increasing the Ratio of Females in Management Positions

We established the target to have 5% of all Nikon's management positions occupied by women by the end of March 2017, and actively supported both career development and the work-life balance of females in management positions.

As of the end of March 2017 Nikon's ratio stood at 5.7% compared to just 3.6% in the end of March 2014 when we set the target, indicating we cleared our target by a comfortable margin. Of this figure, the proportion of females in management positions at Nikon who are general manager and above is 3.6%, and 4.0% at Group companies in Japan, while 5.1% are section managers at Nikon, and 3.9% at Group companies in Japan.

In addition, we have set a new target to have 110 females in management positions by the end of March 2020, compared to 55 females in management positions as of the end of March 2015. We are focusing on ongoing career development support and building employee-friendly workplaces, such as expanding the mentoring system for the future.

### Ratio of Females in Management Positions



\* Permanent employees and non-regular staff of the Nikon Group (consolidated). Those assigned to affiliates are counted as employees of the affiliates.  
 \* Management Position means section managers and higher.  
 \* The term "management position" includes managers not assigned to executive officer posts.

### ■ Career Development Support

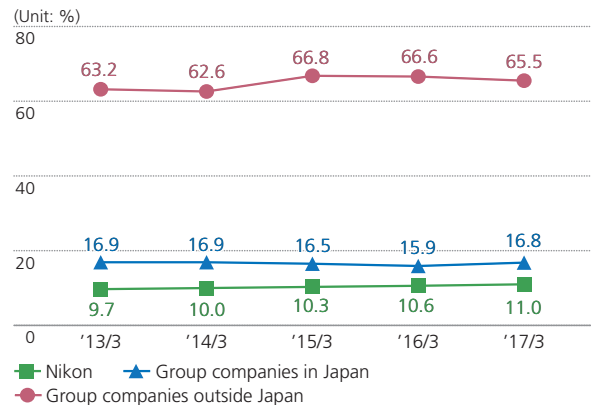
Nikon has introduced a mentor program for promoting women's career development in the year ended March 31, 2016. In the year ended March 31, 2017, mentoring was provided for six months involving 40 people (20 mentor-mentee pairs), with executive officers and managers serving as mentors. In addition, we have continued to offer self-fulfillment seminars to help female employees develop their skills and build networks since the year ended March 31, 2009.

Driven by the above efforts, in the year ended March 31, 2017, a total of four female employees were specially selected to take part in PMC training, which was first introduced in the year ended March 31, 2015 and targets managerial level employees. This year marked the second time it was held. It spans eight months and offers opportunities for cross-industry exchanges, provides knowledge and fosters the mindset required of leaders of the next generation.



Self-fulfillment seminar

### Ratio of Female Employees



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

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## Utilizing a Diverse Workforce

Nikon aims to achieve true globalization and workplace diversity as a way to further enhance corporate value. We actively pursue diversity in our recruitment activities in order to continue to provide all employees with a workplace where individuals with different values can draw inspiration from each other and generate synergies.

### ■ Globally-minded Hiring

In the year ended March 31, 2012, Nikon took part for the first time in an employment forum for international students held in Boston, United States, to recruit Japanese and foreign national students studying abroad with a desire to work for Japanese companies after graduation. Nikon also hires new graduates in the fall (October), in addition to April. We are also actively working to hire international students attending university in Japan.

### ■ Reemployment System for Retirees

The Nikon Group in Japan provides employment opportunities to employees who have reached the mandatory retirement age of 60, if they so desire. In the year ended March 31, 2017, about 80% of retirees at Nikon were reemployed and are actively working within the Nikon Group.

A Life Plan Seminar is also held for employees who will reach mandatory retirement age in the following year. In the year ended March 31, 2017, about 82 employees attended this seminar.

### ■ Supporting People with Disabilities

The Nikon Group is working to establish an environment that enables each and every employee to make the most of his or her individuality and abilities regardless of any disability. As an initiative to achieve this, in the year 2000 we established Nikon Tsubasa Inc., a special subsidiary of Nikon. Supported by experienced staff and instructors, a total of 54 employees worked for the company as of March 31, 2017. One of the company's principles is helping employees to become independent members of society.

In addition to parts processing, assembly, and packaging, Nikon Tsubasa employees mainly engage in document digitization, disassembly of cameras for recycling, erasing magnetic media, and inspection of finished glass products, fulfilling work orders from Nikon Group. The Nikon Group is now striving to give Nikon Tsubasa more work orders.

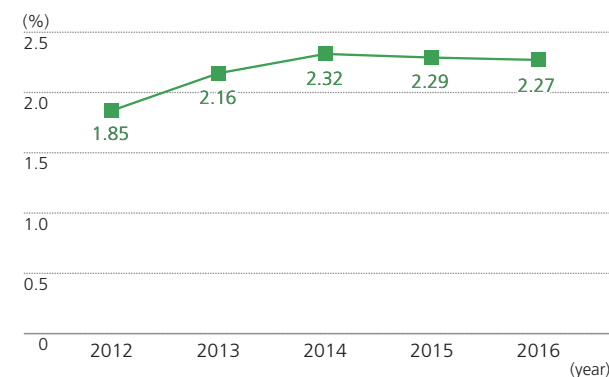
Japan has a legal requirement in terms of the percentage of employees with disabilities. Nikon, Nikon Tsubasa Inc., Nikon Systems Inc., and Nikon Business Service Co., Ltd. have obtained government approval to calculate the rate as a group, and have achieved the required standard. As for other Group companies in Japan, four of those subject to the Levy and Grant System for Employing Persons with Disabilities in 2016 fell below this standard. These Group companies will strive to meet the standard by employing more people with disabilities with the help of public and private employment agencies.

To gain greater public understanding about the work done by people with disabilities, Nikon Tsubasa accepts tours of its workplace. Many employees from the Nikon Group participated in these tours in addition to a total of 447 employees from 67 organizations, schools, and support institutions in the year ended March 31, 2017. Furthermore, Nikon Tsubasa supports the social inclusion and

work of people with disabilities by accepting 10 trainees from welfare facilities and schools for the disabled.

▶ [Nikon Tsubasa Inc. \(in Japanese\)](#)  
<http://www.nikon-tsubasa.co.jp/>

### Changes in Employment of People with Disabilities under Group Certification



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



A workplace at Nikon Tsubasa

## Supporting Diverse Work Styles

The Nikon Group carefully manages the working hours of its employees and has a basic policy on work-life balance policy in place that calls for the creation of an environment for employees to make the most of their abilities and produce results as a team by developing systems and measures empowering them to work with greater peace of mind.

### Supporting Work-Life Balance

Nikon helps employees balance care for children and other family members with their work through the use of a program that allows employees to take up to two years of childcare leave together with staggered working hours and reduced working hours as well as hourly leave. Zero male and eight female employees used staggered working hours, while seven male employees and 77 female employees took advantage of reduced working hours in the year ended March 31, 2017.

Also, Nikon introduced an entry system to provide opportunities to rejoin the company for former employees with specialized skills or extensive work experience who

left the company for child care, family care, a spouse's job transfer or other unavoidable reasons.

We have obtained the Next-Generation Childcare Support Certification Mark (Kurumin mark for childcare support\*1) for three consecutive years as of April 2015 as a result of our initiatives. Today, we are now working to obtain Platinum Kurumin certification, which is awarded to companies offering a higher degree of work-life balance programs.

In May 2016, we obtained Eruboshi\*2 (level 2) certification for our efforts in promoting the active involvement of women in the workplace. We are now advancing efforts to build an employee-friendly workplace from the perspective of the work-life balance.



\*1 Kurumin  
The nickname given to a certification mark awarded to companies and corporations under the Act on Advancement of Measures to Support Raising Next-Generation Children that meet certain criteria established by the Ministry of Health, Labor and Welfare certifies.



\*2 Eruboshi  
The nickname given to a certification mark established under the Act on Promotion of Women's Participation and Advancement in the Workplace that is awarded to companies and corporations with an excellent track record in women's empowerment by the Minister of Health, Labor and Welfare. There are three levels of certification based on the number of items cleared.

### Column

#### Company Tours

Nikon introduced an event to tour the company for the children of our employees at our head office in August 2016. This event aimed to provide an opportunity to raise awareness about work-life balance by having the children of employees visit the workplace.

A total of 85 spouses and children participated to experience a workplace tour and workshops throughout this two-day event.



Company tour

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### Number of Employees Taking Childcare Leave

(Unit: persons)

		' 13/3	' 14/3	' 15/3	' 16/3	' 17/3
Nikon	Men	7	3	9	6	7
	Women	16	22	21	27	35
Group companies in Japan	Men	1	1	1	1	2
	Women	35	32	12	16	19

\* Permanent employees and non-regular staff

\* Percentage of employees returning to work after childcare leave (for the year ended March 31, 2017): at Nikon: 90% / Group companies in Japan: 100%

### Number of Employees Taking Maternity Leave

(Unit: persons)

		' 13/3	' 14/3	' 15/3	' 16/3	' 17/3
Nikon		16	23	13	32	32
Group companies in Japan		31	22	15	13	17

\* Permanent employees and non-regular staff

### Number of Employees Taking Family Care Leave

(Unit: persons)

		' 13/3	' 14/3	' 15/3	' 16/3	' 17/3
Nikon	Men	1	2	2	0	3
	Women	0	0	1	1	2
Group companies in Japan	Men	0	0	0	2	0
	Women	1	2	1	0	0

\* Permanent employees and non-regular staff

## Working on Reducing Working Hours

The Nikon Group is working to reduce working hours. Toward this end, we have initiated various measures, including establishing plans for taking annual paid leave, the introduction of flextime, requiring preapproval for overtime work, and the implementation of a no overtime day. Moreover, Nikon has developed a number of measures to prevent adverse health effects caused by excessive overtime work. In addition to taking preventive measures, we established the Cooling System which is intended to prevent certain individuals from taking on an excessive overtime load. The system includes physical checkups for those who feel stress from overwork.

With regards to annual paid leave, we encourage the creation of plans for taking annual paid leave, and we push those employees and supervisors who had a low rate of using annual paid leave to take personal leave throughout the year.

## Telecommuting

Nikon has established a telecommuting system. Originally, this system was reserved for only certain departments, but from April 2016 the scope of eligible employees was expanded so as to promote a work-life balance and increase productivity through the focused and efficient execution of operations. Now, employees from any department who meet the requirements can take advantage of this system. As a result, while the system was only used by a total of six departments as of March 31, 2016, some 43 departments and 78 employees are used the system as of March 31, 2017.



# Employees' Health and Safety

We recognize a workplace environment that enables employees to work safely and actively, both physically and mentally, leads to the improvement of workplace vitality and productivity. Based on this idea, we are working on strict safety management and health promotion activities.

## Health and Safety Activity Policies in Japan

Nikon maintains the Nikon Group Health and Safety Activity Policies to ensure the health and safety of employees—who are the foundation of corporate activities—to remain a vibrant corporation where people can be committed to work with enthusiasm and vitality. We also share the activity policies with Group companies in Japan.

### ● Nikon Group Health and Safety Activity Policies for the Year Ended March 31, 2017

**Target:**

Promote work-life balance for each and every employee by carrying out rigorous health and safety risk management.

**Four Policies:**

- 1) Perform stress checks across the Nikon Group
- 2) Carry out health management with a focus on work-life balance
- 3) Rigorously manage risks associated with chemical substances
- 4) Carry out various health and safety activities

## Health and Safety Management System

The Nikon Group Health and Safety Activity Policies are established by the Central Health and Safety Committee. This committee is different from the mandatory Health and Safety Committee. It is made up of representatives from both labor and management and chaired by a director and senior vice president and the head of the human resource and general affairs departments. The presidents of major Group companies in Japan also participate as observers.

The committee also assesses and monitors the status of health and safety activities carried out at each business facility.

## Raising Health and Safety Management Standards

Nikon conducts risk assessments when introducing new facilities or changing work processes and provides health and safety training during orientations for new hires and managerial training. Also we carefully manage facilities and chemical substances according to a proprietary check method, ensuring we are able to mitigate elements of danger lurking in the workplace that cause occupational accidents.

These activities have helped the Nikon Group in Japan

achieve frequency rates\*<sup>1</sup> and severity rates\*<sup>2</sup> of occupational accidents far below the average for the entire Japanese manufacturing industry.

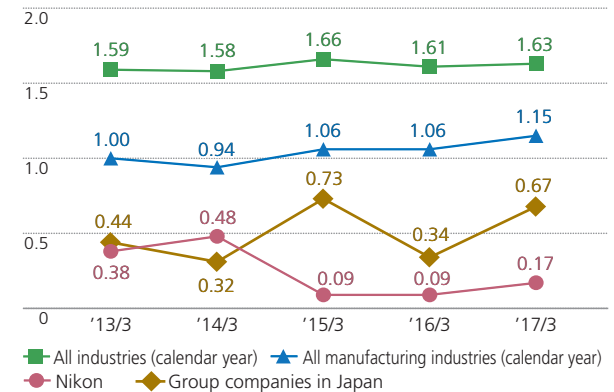
\*<sup>1</sup> Frequency rate

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

\*<sup>2</sup> Severity rate

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

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



\* 25 Group companies in Japan including non-consolidated companies until the year ended March 2015, 26 for the year ended March 2016 and 27 for the year ended March 2017.

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

	'13/3	'14/3	'15/3	'16/3	'17/3
All industries in Japan	0.10	0.10	0.09	0.07	0.10
Manufacturing industry in Japan	0.10	0.10	0.09	0.06	0.07
Nikon	0.70	0.01	0.00	0.00	0.00
Group companies in Japan	0.01	0.00	0.01	0.01	0.01

\* 0.00 indicates a rate of less than 0.005.

\* 25 Group companies in Japan including non-consolidated companies until the year ended March 2015, 26 for the year ended March 2016 and 27 for the year ended March 2017.

### Occupational Accidents Requiring Time Off by Region (1 or more days) (Year Ended March 31, 2017)

Region	Accidents requiring time off (person)	Lost days* (day)
Greater China	16	155
Korea	0	0
Asia/Oceania	0	0
Europe	6	81
Americas	3	146
Japan	11	108
Total	36	490

\* Lost days: Number of days multiplying 300/365 by the number of days of leave in the past

## Supporting the Health of Employees Assigned from Japan to Group Companies outside Japan

For employees that are assigned from Japan to Group companies outside Japan, we are expanding pre-departure training and also conducting a regular health checkup and applicable follow-up system during their assignment. We also provide support to these employees in response to local medical risks through coordination with international medical assistance services and other measures.

## Mental Health Care

Nikon also offers support to those returning to work after taking leave for mental health reasons. This includes taking measures to prevent the aggravation of their illness after their return, based on cooperation between their workplace, relevant health and safety departments, and HR departments. Through our response to the stress check system introduced in December 2015, we have strengthened our primary prevention efforts for mental illness using improved self-care offered online and health consultations provided by healthcare staff.

# Supply Chain Management

We are committed to building strong relationships with our procurement partners and ensuring materials are procured honestly and fairly to fulfill the social responsibilities of not only the Nikon Group, but the supply chain as a whole.

## Action Plan

- Nikon Basic Procurement Policy
- Nikon CSR Procurement Standards
- Nikon Green Procurement Standards
- Policy on Conflict Minerals

## Management System

- Supply Chain Subcommittee

## Relevant Priority Issues

- Promotion of CSR activities in the supply chain

## Nikon's Supply Chain Management

Nikon considers its suppliers to be an important partner, and with this mind we work to build solid relationships with them. We are committed to the responsible procurement of materials that takes into account human rights, the environment, among other factors, and that aims for the co-existence and co-prosperity of both parties.

### Basic Policy for Procurement

We have established the Nikon Basic Procurement Policy to continually supply customers with products that meet and exceed their expectations and with the hope of building a better society and global environment as well as realizing the sustainable growth of the company. Using this plan as a set of guidelines, the Nikon Group will carry our procurement activities in an honest and fair manner.

### ● Nikon Basic Procurement Policy

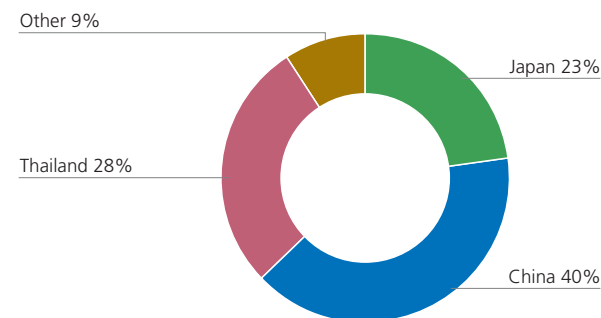
1. Sound corporate activities
2. Open-door procurement
3. Procurement based on the concept of fair competition
4. Procurement based on the concept of partnership
5. Green procurement

▶ [Nikon Basic Procurement Policy](http://www.nikon.com/about/corporate/procurement/policy/)  
<http://www.nikon.com/about/corporate/procurement/policy/>

### The Nikon Group's Supply Chain

We manufacture and assemble nearly all products within the Nikon Group. We have a large number of procurement partners we use for raw materials and parts. These partners are located around the world and number approximately 1,700 (as of March 31, 2017), with around 700 of these considered major procurement partners. When viewed by country, more than 90% of our procurement partners are located in Japan, China and Thailand, where the Nikon Group operates its main manufacturing facilities (calculated based on the location of the procurement partner's headquarters). We strive to ensure a high degree of quality, cost and delivery (QCD) and help local economies grow by actively procuring raw materials and parts from the countries and regions where we manufacture our products.

Transactional Value with Major Procurement Partners by Country (as of March 31, 2017)



## Engaging Procurement Partners

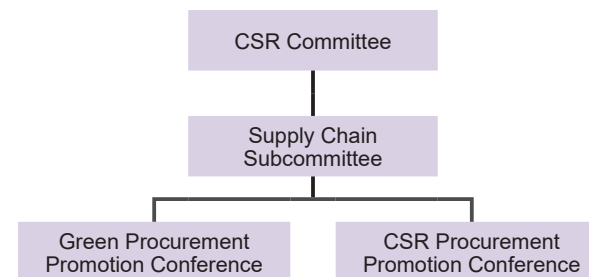
We believe in the importance of two-way communication with our procurement partners. Every year we host a meeting that involves around 300 representatives from our main procurement partners. During this meeting, we inform procurement partners about our business environment, while the president also delivers a message. We also host briefings on our stance regarding CSR procurement and conflict minerals compliance as venues for sharing Nikon's approach to CSR with procurement partners inside and outside Japan.

## Nikon's Supply Chain Management System

We have established the Supply Chain Subcommittee to report activities related to responsible procurement and carry out deliberations on plans for subsequent years involving the entire Nikon Group. This subcommittee is chaired by the executive officer of Nikon in charge of procurement and comprises members including the heads of quality assurance and procurement from each business division and the presidents of Group manufacturing companies inside and outside Japan. Under this subcommittee, we have established the Green Procurement Promotion Conference as well as the CSR Procurement Promotion Conference for promoting general CSR procurement, including compliance with conflict minerals regulations. The CSR Promotion Conference is comprised of managers from each procurement related department who meet to discuss specific activities and measures as well as monitor progress of efforts.

[▶ Promoting Green Procurement \(P47\)](#)

### Outline of Supply Chain Management System



## Promoting CSR Procurement

We implement CSR procurement in cooperation with procurement partners to help realize a sustainable society.

### Basic Approach to CSR Procurement

To realize a sustainable society, actions must be taken by working closely with society and based on a commitment to fulfill responsibilities to society even in the entire supply chain.

With this in mind, we have established the Nikon CSR Procurement Standards compliant with the Code of Conduct of the Electronic Industry Citizenship Coalition (EICC). We also request that procurement partners ensure their suppliers (tier 2 suppliers) act responsibly.

[▶ Nikon CSR Procurement Standards  
http://www.nikon.com/about/corporate/procurement/csr/](http://www.nikon.com/about/corporate/procurement/csr/)

### Promoting CSR Procurement

The Nikon Group promotes cooperation with procurement partners in stages. To date, we have held briefing sessions, assessed situations using surveys, exchanged ideas with individual partners, and confirmed the situation at individual partners through site visits.

Starting with the year ended March 31, 2017, we held briefing sessions on CSR procurement in Japan, China and Thailand where we shared information about the background and key points behind our standards for CSR procurement. During these briefings, procurement partners were asked to submit a written agreement stating they will comply with the Nikon CSR Procurement Standards.

#### CSR Briefing Sessions for Procurement Partners (Year Ended March 31, 2017)

Location	Number of times	Participating companies	Participants
In Japan	3 times	435 companies	441 persons
Outside Japan	4 times	255 companies	403 persons



CSR briefing session in progress

### ■ Training on CSR Procurement

The Supply Chain Subcommittee oversees CSR training for persons in charge of procurement across the Nikon Group in Japan. CSR is also a theme within the basic training on procurement given to general employees. At Group companies in China and Thailand, briefing sessions are held for employees to share the latest information.

In the year ended March 31, 2017, 16 employees involved in procurement at Group companies in Europe received training on CSR procurement standards and human rights.



> Supply Chain Management > Promoting CSR Procurement

## Improvement Activities through CSR Surveys and CSR Audits

We conduct CSR surveys based on risk assessments in order to check the extent to which procurement partners comply with the Nikon CSR Procurement Standards. Based on the results, we carry out CSR audits or CSR improvement activities as a way to mitigate and eliminate risk.

Starting with the year ended March 31, 2016, these activities were rolled out for procurement partners in Japan and Asia, and further expanded to Europe in the year ended March 31, 2017.

Also, we recognize that human rights issues, including modern slavery such as child labor and forced labor, have become a serious issue for the international community.

For this reason, we have given greater priority to human rights related items in risk assessment standards and reflect this priority in actual assessments.

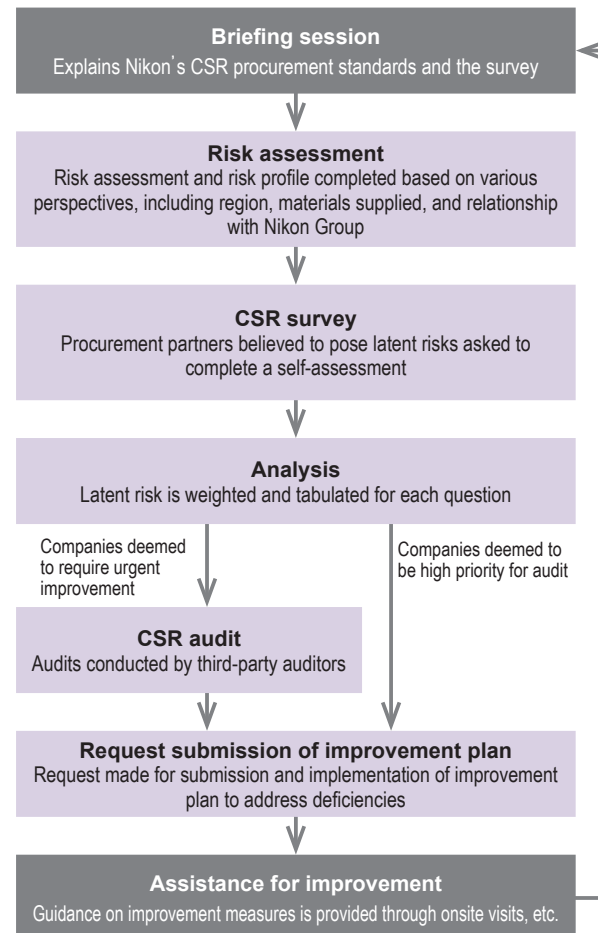
In the year ended March 31, 2017, we reviewed and made improvements to risk items and judgment levels in order to improve the accuracy of risk assessments. Also, we established and achieved targets for following up with the corrective measures of companies determined to pose higher risks from last year's survey as well as conducting this year's survey.

In the year ending March 31, 2018, we will provide assistance to procurement partners required to take corrective measures per this year's survey. Furthermore, we plan to review the standards and process from risk assessment to assistance for improvements, while receiving the support of outside experts.

### CSR Survey and CSR Audits (Year Ended March 31, 2017)

	Applicable companies
CSR surveys	214 companies (response rate: 73.4%)
CSR audits	3 companies (locations: China and Thailand)
Requests for submission of improvement plan	13 companies (located in China, Thailand and Japan)

### Workflow of CSR Improvement Activities at Procurement Partners



## Voice

### A CSR audit that identified our company's issues and led to improvement

Our company is a Japanese-affiliated LCD manufacturer located in Shenzhen, China. We have supplied LCDs to Nikon for more than a decade, first starting in 2004. In March 2016, we underwent an audit by Nikon and found that we did not fully comply with several of the 129 audit items. Mainly these items involved occupational health and safety as well as ethics, such as clearly labeling of workplace entrances/exits, insufficient medicine provided in first aid boxes, and a process for employees to share their views with the company, among others. Following these findings, we made improvements that included labeling and storage location of dangerous chemicals and improved management of employees' working hours.



Tokai Electronics (Shanghai) Co., Ltd.  
Shenzhen Branch  
Manager, Sales Department  
**Ms. Jin Guiyue**

This audit helped us to identify problem areas we had overlooked and make adequate improvements. We are very thankful to Nikon in this regard. Looking forward, we will now focus on practicing sustainable management with an eye on the medium to long term.



Meeting with Nikon staff to discuss improvement measures

## Dealing with the Issue of Conflict Minerals

The Nikon Group has adopted a Policy on Conflict Minerals, enunciating the Group's commitment not to use conflict minerals mined or intermediated by armed groups, so as to cut off the supply of funds to armed groups that are responsible for human rights abuses in the Democratic Republic of the Congo and neighboring countries.

### ▶ [Policy on Conflict Minerals](#)

[http://www.nikon.com/about/sustainability/supply-chain/conflict\\_minerals\\_policy.pdf](http://www.nikon.com/about/sustainability/supply-chain/conflict_minerals_policy.pdf)

### ■ Survey of the Current Status of Conflict Mineral Usage

To ensure that procurement is conducted in accordance with the Policy on Conflict Minerals, since 2013 the Nikon Group has carried out due diligence in collaboration with our procurement partners. In August 2016, the Nikon Group formulated related internal rules in line with the OECD Due Diligence Guidance.\*1 Following these rules, we have implemented appropriate country-of-origin surveys, and have used this risk assessment as the basis for implementing suitable response measures.

The results obtained in this survey showed that all of the smelters involved in processing the four minerals used in products handled by Nikon's Glass Division were registered as CFSP-compliant smelters.\*2

The survey results also showed that, for 97% of the Nikon Group's digital camera products, with respect to those smelters identified as such in the survey, the tantalum smelters were CFSP-compliant smelters. However, within the scope of the 2016 survey, it was not possible to confirm with absolute certainty whether the minerals contained in products covered by the survey were or were not a direct or indirect source of funding for armed groups. For the survey implemented in the year ending March 31, 2018, besides expanding the scope covered by the survey, we will also continue to implement activities aimed at resolving this issue. Both the survey results and the due diligence results have been made public in Nikon's Conflict Minerals Report.

### ▶ [Conflict Minerals Report \(2016 Survey Results\)](#)

[http://www.nikon.com/about/sustainability/supply-chain/Conflict\\_Minerals\\_Report-2016.pdf](http://www.nikon.com/about/sustainability/supply-chain/Conflict_Minerals_Report-2016.pdf)

\*1: OECD Due Diligence Guidance  
This refers to the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

\*2: CFSP-compliant smelters  
This refers to smelters that are registered as conflict-free under the Conflict-Free Smelter Program (CFSP).

### ■ Participation in External Organizations

With the aim of participating in a range of measures to address the conflict minerals issue, Nikon has joined the Japan Electronics and Information Technology Industries Association (JEITA) Responsible Minerals Trade Working Group, and has been involved in the formulation of the Working Group's proposals aimed at eliminating the use of conflict minerals. Nikon is also a member of the Conflict-Free Sourcing Initiative (CFSI), an international organization which has formulated guidelines relating to conflict minerals.

# Community Contribution Activities

To face local communities with sincerity and promote community contribution activities in order to grow and develop together.

## Activity Policies

- Nikon Community Contribution Activities Policy "Basic Policy"

## Relevant Priority Issues

- Promotion of Community Contribution Activities

## Community Contribution Activities

Nikon Group aims to face local communities with sincerity and engage in community contribution activities to grow and sustainably develop together with them.

### Nikon Community Contribution Activities Policy

Nikon Group has established the Nikon Community Contribution Activities Policy. Based on this policy, Nikon Group shares its aim with all business facilities and Group companies and engages in community contribution activities in each area.

#### ● Nikon Community Contribution Activities Policy "Basic Policy"

Established October 6, 2014

1. Nikon will actively engage in community contribution activities in accordance with our corporate philosophy and CSR Charter to create a prosperous society with sustainable development.
2. Nikon will conduct community contribution activities under the headings of "Environment," "Education," "Welfare," "Culture and Arts" and "Assistance for Reconstruction."
3. Nikon will provide assistance to its employees' volunteer activities.

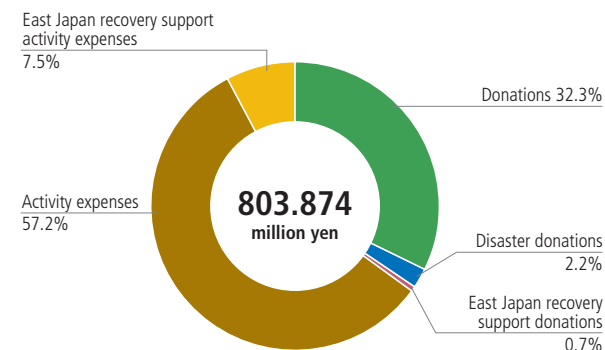
### Community Contribution Activity Promotion System

Nikon Group has distributed the Q&A format Explanation of the Nikon Community Contribution Activities Policy to all business facilities and Group companies so that the entire Nikon Group will be able to engage in community

contribution activities based on the Policy. In addition, we have also introduced and deployed a self-check tool which is used prior to the start of community contribution activities so that the Policy is applied properly. In order to prevent corruption, the self-check tool requires that Nikon Group's Anti-Bribery Guidelines be reviewed prior to implementing any donations.

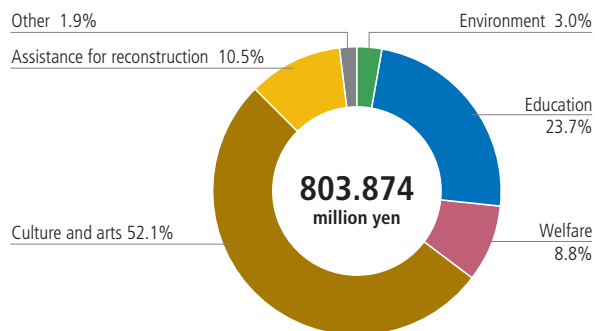
In the year ended March 31, 2017, the self-check rate for advance checks was 73.6%. In the year ending March 31, 2018, we are aiming for 90%, and are working to strengthen education for and communication with our business facilities and Group companies. In addition, from the year ending March 31, 2018, Nikon Group is establishing a goal of increasing the community contribution activity participation rate beyond the average of the past three years and will encourage employees to join in community contribution activities.

#### Breakdown of Community Contribution Expenses (Year Ended March 31, 2017) by Type

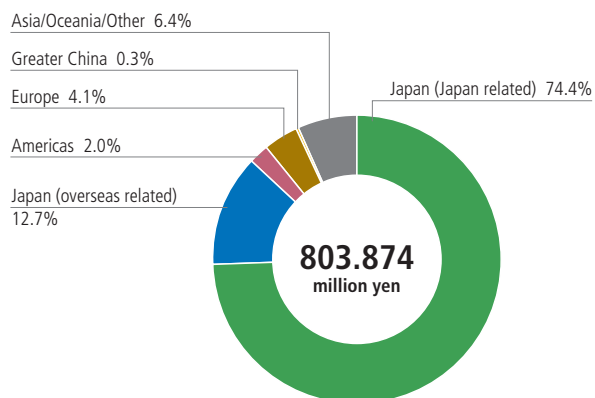


> Community Contribution Activities

**Breakdown of Community Contribution Expenses (Year Ended March 31, 2017) by Field**



**Breakdown of Community Contribution Expenses (Year Ended March 31, 2017) by Region**



**Support for Employee Volunteer Activities**

Nikon Group works to establish an environment which supports employee volunteer activities and strives to create opportunities for employees to participate in community contribution activities. Nikon Group offers numerous opportunities to make it easy for employees to participate, including providing a volunteer leave system, periodically announcing information related to volunteering, supporting participation in charity events and other contributive programs, and a matching gift initiative.

**Major initiatives**

- Providing information on volunteer activities conducted in cooperation with the Japan NGO Center for International Cooperation (JANIC)
- WFP Walk the World participation support
- Provision of a Table for Two meals in employee cafeterias
- Implementing matching gifts for donations for the 2016 Kumamoto Earthquake

**Number of Employees Participating in Community Contribution Activities**

Results for the year ended March 31, 2017 (total participants)	3,302
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**Number of Employees Participating in Activities Supporting Recovery from the Great East Japan Earthquake**

Results for the year ended March 31, 2017 (total participants)	68
Total participants, all time	685

**Volunteer Leave System**

Nikon provides volunteer leave to employees who wish to engage in volunteer activities such as social welfare activities in nursing facilities, international cooperation activities and recovery activities in disaster areas. In addition, in Japan in the year ended March 31, 2012, the Nikon Group established the Rules for Activities Supporting Recovery from the Great East Japan Earthquake and, through aid such as special leave and payment of traveling expenses, supports employees who volunteer in activities to aid recovery from the earthquake. In the year ended March 31, 2017, a total of 19 Nikon Group employees in Japan received company aid based on the Rules for Activities Supporting Recovery from the Great East Japan Earthquake, with 363 having received aid up until now.

**Pro Bono Initiatives**

Through cooperation with the Service Grant Japan, Inc., Nikon has created an environment which has enabled employees to participate in pro bono activities (volunteer activities which make use of a person's work skills and knowledge) from the year ended March 31, 2017. In the year ended March 31, 2017, Nikon invited employees to participate in the Tokyo Hometown Project, a one day pro bono challenge sponsored by the Tokyo Metropolitan Government Bureau of Social Welfare and Public Health and Service Grant, with five employees participating. In addition, Nikon is engaged in activities to promote understanding of and participating in pro bono activities, and from March to April 2018, Nikon will be holding internal pro bono briefing sessions.

> [Community Contribution Activities](#)

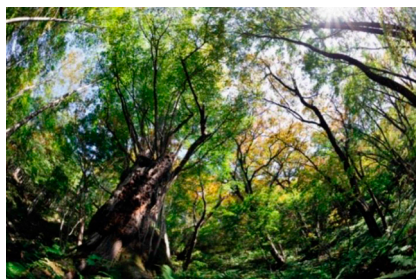
## Environment

Nikon Group knows that environmental problems are a globally shared and pressing issue and supports environmental conservation activities being implemented by NPOs and NGOs and also engages in environmental education activities for children, among other initiatives.

### Major initiatives

- Supporting the AKAYA Project, which aims to restore biodiversity
- Supporting the Children's Forest Program to raise environmental awareness among children in Thailand
- Providing educational tools for environmental education

[Community Contribution Activities in the Field of the Environment \(P51\)](#)



The AKAYA Project is working to restore biodiversity in the Akaya Forest (Gunma Prefecture)

## Education

The Nikon Group is actively involved in educating the next generation and supporting academic research.

### ■ Nikon Scholarship Program in Thailand

Since 2007, Nikon Group has operated the Nikon Shanti Scholarship in Thailand, home to Nikon (Thailand) Co., Ltd., a key digital camera production base. Working with the Japanese NGO Shanti Volunteer Association and Thailand's Sikkha Asia Foundation, the scholarship provides funds to support the education of junior and senior high school students and university students from economically disadvantaged households. In the year ended March 31, 2017, scholarship money was provided to 150 junior and senior high school students as well as 26 university students. In the 10 years the scholarship has been in operation, funds have been given to a total of 1,718 students.

In addition, based on a desire to encourage children in their daily lives and studies through photography, since 2013 we have provided new scholarship students each year with framed photos of their family, friends, and other loved ones.



Conferral ceremony in Bangkok (June 2016)

### ■ Nikon Scholarship Program in Laos

With the establishment of Nikon Lao Co., Ltd. as a digital camera production base in Laos in 2013, the Nikon Group launched two scholarships in the country—the Nikon-EDFJapan Scholarship and the Nikon-JICA Scholarship in May 2014. In cooperation with EDF Japan, the Nikon-EDFJapan Scholarship supports the education of junior high school students from economically disadvantaged homes in Savannakhet Province where Nikon Lao Co., Ltd. is located.

The Nikon-JICA Scholarship, operated in cooperation with the Japan International Cooperation Agency (JICA), provides funds to students at Savannakhet University, aiding the cultivation of talented individuals who will support Laos' future. Operated for their third year in the year ended March 31, 2017, the scholarships provided funds to 40 university students and school supplies (including uniforms, teaching materials, and backpacks) to 100 junior high school students. In addition, working in cooperation with EDF Japan, Nikon Group aims to deliver educational support tools (books, school supplies, and sporting goods) to all junior high schools in Savannakhet Province. In the year ended March 31, 2017, educational tools were delivered to 76 schools in the province.

Nikon Group will continue to contribute to the development of the regional economy of Laos through business activities as well as aid the education of local children.



Donation of Educational Tools to Schools with Scholarship Students (October 2016)



## Column

### Aiming to Be a Company Which Develops Together with Local Communities—Nikon's Initiatives in Laos

#### Laos Community Contributions and NLC Development

Laos is one of the least developed countries in the world and faces a variety of challenges, such as a low rate of secondary education enrollment. Nikon has established two scholarships in Laos, supporting junior high school students from economically disadvantaged households and also aiding university students in order to cultivate the human resources who will support the future of the nation.

The impetus for these scholarships occurred at the opening ceremony for Nikon Lao Co., Ltd. (NLC) in 2013, when a Laotian government official stated that, while the children of the country wanted to study, they lacked even notebooks and pencils.

#### A Win-Win Relationship Built on Trust

Today there are around 1,400 employees at NLC and the company is known locally as a place where people can work safely, resulting in it being such a popular place of employment there is a waiting list for perspective hires. Laos is an agriculture-oriented nation and factory work is as yet not very common. Accordingly, when NLC was first established, there were great difficulties in securing employees. Thai staff, who gained experience at the Nikon (Thailand) Co., Ltd. production plant in nearby Thailand, operate NLC, and there are no resident Japanese staff. In order to recruit people for NLC, these Thai staff members frequently visited even small villages, engaging in continuing exchange with local people on a daily basis. The efforts of NLC's Thai staff members as well as Nikon's community contribution activities such as the scholarships produced a synergistic effect, gradually creating trust among the local people.

Three years have passed since the plant in Laos was built and the scholarships launched, and today a win-win relationship has developed between Nikon Group and Laos.

#### Partners Developing and Growing Together

In October 2016, Japanese employees from the Nikon head office visited several schools receiving scholarship aid and school supplies from Nikon, as well as several families, and they were met with a welcome far warmer than expected wherever they went. The teachers at the schools receiving aid from Nikon were asked what the students did after graduating. They responded that they went to work at Nikon or were able to continue their studies thanks to Nikon, then get the chance to work at Nikon where they would save their money to gain even higher education.

In Laos, Nikon's community contribution activities and the business activities of a local Group company have yielded incredible synergistic effects. Nikon Group has business facilities around the world, and hopes the example of Laos will serve as an ideal model case for future Nikon Group activities.



Thai staff visiting a junior high school in Laos



Japanese staff visiting a village where scholarship students live and receiving a warm welcome



Junior high school students in Laos



Junior high school students in Laos welcoming the Nikon visit with a handmade flag

## Welfare

Nikon Group provides a variety of assistance in order to contribute to the improvement of health, medical care, and social welfare.

### ■ Project F.L.A.S.H.

Since the year ended March 31, 2012, the three US companies of Nikon Inc., Nikon Instruments Inc., and Nikon Americas Inc. have continuously worked with the local Long Island, New York organizations of the Ronald McDonald House and Sunrise Day Camp to implement Project F.L.A.S.H., which supports children and the families of children fighting serious illnesses.

The activities conducted with Sunrise Day Camp are held at a local campground to support child cancer patients. The three Nikon US companies hold charity events and conduct volunteer activities such as cleanup sessions aimed at providing the children with a comfortable camping event.

Ronald McDonald House operates facilities where families can stay close to the hospitals where their sick children are being treated. The three Nikon US companies take and provide family photographs and engage in volunteer activities to make evening meals.

In the year ended March 31, 2017, 128 employees participated in Project F.L.A.S.H. activities.



A volunteer event to make dinner in which Nikon Ambassador photographers also participated (February 2017)

> [Community Contribution Activities](#)

## ■ Supporting the Japan Association for the World Food Programme

Since 2013, Nikon Group in Japan has participated in WFP Walk the World, a charity walk event hosted by the United Nations World Food Programme (WFP) and the Japan Association for the World Food Programme. A portion of the participation expenses are donated to school lunch programs in developing nations. At the May 2017 event, 125 Nikon Group employees in Japan participated.

In addition, since 2006 Nikon has been a corporate member of the Japan Association for the WFP and has continuously cooperated in the organizations photography exhibits which present Japan Association for the WFP activities.

### Number of Employees Participating in the WFP Walk the World Event

(Unit: persons)

Year held	Number of participants
2014	30
2015	59
2016	87
2017	125



Group photo before the start of the charity walk (May 2017)

## Culture and Arts

Nikon Group engages in activities to support culture and the arts with the aim of realizing a prosperous society.

### ■ Nikon Photo Contest

Since 1969, Nikon has sponsored the Nikon Photo Contest, an international photography contest. The contest is held annually based on a vision of, photographers competing through the international language of images to convey important stories and influence the way people think, in turn cultivating aspiring communities. To date, some 410 thousand people have applied to the contest, with over 1.62 million entries being received.

In the 2016–2017 contest dedicated to the themes of “Celebration” and the “Future,” over 76,000 applications were received from 170 countries and territories around the world, the most to date, the winners of the Contest have been decided as below.

- Nikon 100th Anniversary Prize: Greeting to the Sun
- Grand Prize: 休 (Break Time)
- Award for the Most Popular Entry: Disappearing fishing method by Moken



Nikon 100th Anniversary Prize:  
Greeting to the Sun



Grand Prize:  
休 (Break Time)



Award for the Most Popular Entry:  
Disappearing fishing method by Moken

> [Community Contribution Activities](#)

## Assistance for Reconstruction

While providing emergency aid for large scale natural disasters, Nikon Group has continued to engage in activities to aid in recovery from the Great East Japan Earthquake.

In the year ended March 31, 2017, Nikon Group donated money as emergency assistance to the 2016 Kumamoto Earthquake, Central Italy Earthquakes, and the flooding in West Virginia and Louisiana in the US.

### Photo Book Project for Junior High School Students

The Photo Book Project for Junior High School Students is an activity conducted by Nikon which provides junior high school students in disaster stricken areas with an opportunity to experience photography. It is hoped that through the creative activity of conveying thoughts via photography, each student will be able to share what they are feeling with their friends, family, and the people of the community and in turn demonstrate their strength.

In the year ended March 31, 2017, 2,078 junior high school students affiliated with 36 schools and 1 board of education in Iwate, Miyagi, and Fukushima participated.

#### Participants (junior high school students) working

Working with help from the teachers, students independently create a photo book over a period of a year

#### Nikon Activities

- Donation of compact digital cameras to project schools
- Classes on how to use cameras
- SLR camera lending
- Supporting exhibitions of the created works
- Photo book printing and donation of books to all participants



Junior high school students enjoying taking pictures with a digital SLR camera (July 2016)

### Participation in the Coastal Forest Restoration Project

Since 2012, Nikon has supported Natori, Miyagi's Coastal Forest Restoration Project. A 10 year project conducted by OISCA Japan and the Association for Coastal Forest Restoration in Natori City, the project aims to restore coastal black pine tree forests lost to tsunami. In addition to annual donations, Nikon supports the project by providing photographs and holding photo exhibitions of the project's activities as well as through employee participation in volunteer activities.

In the year ended March 31, 2017, 44 employees participated in volunteer activities.



Volunteers working in a plantation area to aid the growth of black pine trees

### Hosting the Tohoku Reconstruction Support Market

Since the year ended March 31, 2015, Nikon has held the Tohoku Reconstruction Support Market annually, an event which supports the reconstruction of Tohoku in which employees can participate without having to travel to the region. In the year ended March 31, 2017, the common space of the building in which the Nikon head office is located was used as the venue, and the event was co-sponsored by four companies located in the building. The governments of Iwate, Miyagi, and Fukushima Prefectures opened shops selling local specialties, and a great number of employees can buy Tohoku goods.



The market area (March 2017)

> [Community Contribution Activities](#)

■ **Gift (Donations) Matching**

In Japan, Nikon Group worked with the Nikon Labor Union to raise funds, matching the amount of money collected from employees and donating it to the Central Community Chest of Japan to aid reconstruction after the 2016 Kumamoto Earthquake. Prior to this, Nikon also donated 10 million yen to the Japanese Red Cross Society.

In addition, Nikon (Thailand) Co., Ltd. and Nikon Sales (Thailand) Co., Ltd. raised funds and donated the money collected from employees as well as a matching company contribution to the Thai Red Cross Society for the flooding in southern Thailand which occurred in January 2017.



Donation box handmade by an employee (April 2016)

**Amount Donated to Central Community Chest of Japan**

Donation source	Amount
Employees	2,066,794 yen
Company	2,066,794 yen
Total donated	4,133,588 yen

**Amount Donated to Thai Red Cross Society**

Donation source	Amount
Employees	100,000 baht
Company	100,000 baht
Total donated	200,000 baht (approx. 320 thousand yen)



# Corporate Governance

Amid continued globalization of the business environment, the Nikon Group is working to enhance the relationship of trust it enjoys with its stakeholders by increasing management efficiency and transparency and strengthening its corporate governance organization.

## Basic Concept Relating to Corporate Governance

Based on its corporate philosophy, the Nikon Group will carry out highly transparent management through fulfilling its fiduciary responsibilities towards shareholders as well as responsibilities towards stakeholders including customers, employees, business partners, and society, etc., with a sincere and diligent attitude.

The Nikon Group will strive to achieve sustainable growth and enhancement of its corporate value over the medium to long term, through improving management efficiency and transparency and further strengthening the supervisory function over management in light of the purpose of Japan's Corporate Governance Code.

[Corporate Governance Guideline](http://www.nikon.com/about/ir/governance/organization/guideline/)  
<http://www.nikon.com/about/ir/governance/organization/guideline/>

## System

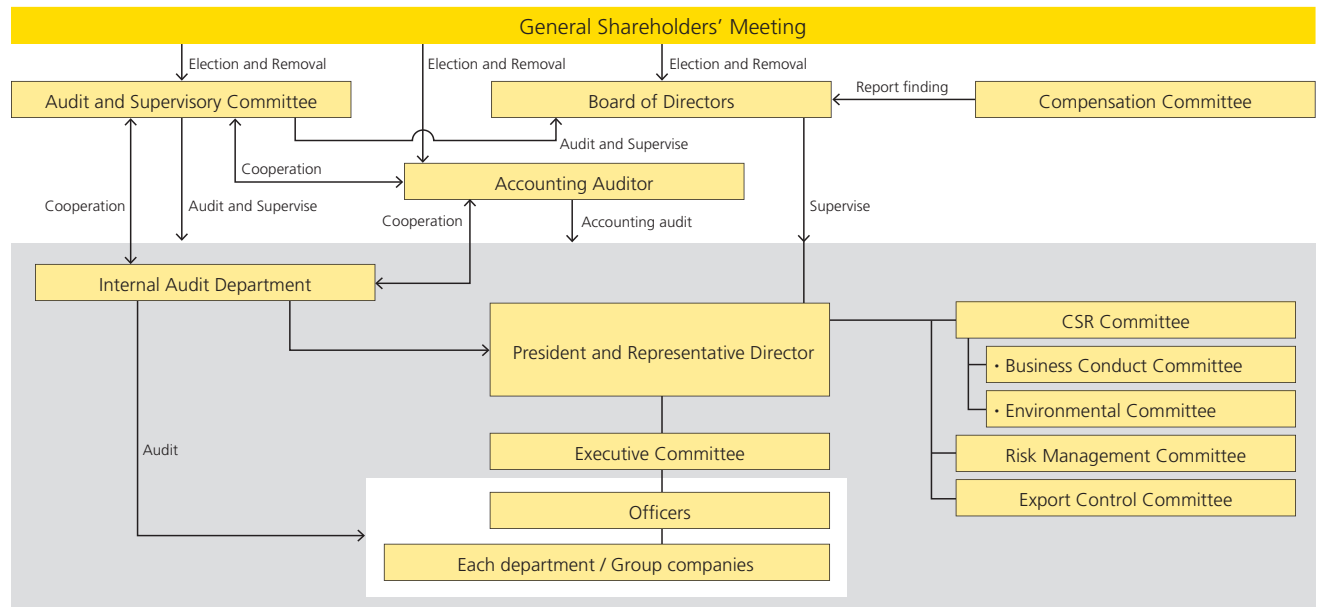
Aiming to further enhance corporate governance, Nikon adopted a company with an Audit and Supervisory Committee. This position further strengthens the supervisory function of the Board of Directors as it strives to streamline decision-making and clarify management responsibility arising through delegation of authority.

### Board of Directors

The Board of Directors supervises management by directors and assumes the decision-making functions on the matters prescribed under laws and regulations, and the Articles of Incorporation of the Company, as well as the important matters concerning the Nikon Group. For the purpose of clarifying the scope of delegation to the executive directors and officers while ensuring prompt decision-making and management by the executive directors and officers, the Company specifically sets out the matters subject to deliberation at the Board of

Directors in the criteria for matters subject to deliberation and report at the Board of Directors. For example, the Board of Directors makes decisions on matters concerning important management, including the basic management policies, the Medium Term Management Plan, the annual plan, the Basic Policy on Internal Control System, and investments and loans exceeding a certain amount. Moreover, in order to further strengthen the supervisory function of the Board of Directors, the Company has appointed four independent external directors (including three Audit and Supervisory Committee members).

### Nikon's Corporate Governance Organization (As of June 29, 2017)





> [Corporate Governance](#) > [Risk Management](#) > [Compliance](#)

## ■ Audit and Supervisory Committee

The Audit and Supervisory Committee audits and supervises the status of management by directors other than those who are Audit and Supervisory Committee members, and officers. For such purpose, Audit and Supervisory Committee members regularly attend the important meetings such as the meetings of the Board of Directors and the Executive Committee, and conducts audits and supervision over the management and directors. In addition, to further enhance independence and neutrality of the audit system, the Audit and Supervisory Committee shall consist of five Audit and Supervisory Committee members including three independent external directors.

## ■ Compensation Committee

The Company establishes the Compensation Committee which consists of representative directors, external directors and external experts. The Compensation Committee deliberates and makes proposals for policy regarding executive compensation as well as various related systems so as to ensure objectivity, transparency and linkage with performance in the process of determining executive compensation.

## ■ Executive Committee

The Executive Committee, as the highest decision-making body of the management, swiftly and decisively makes decisions on individual major management issues delegated by the Board of Directors, in accordance with basic management policies, etc. as determined by the Board of Directors.

## External Director

In the appointment of its external directors, the Company attaches importance to ensuring their independence. The Company appoints external director candidates from among those with either a wealth of knowledge and experience, etc., as executives of other companies, or those with expertise and experience, etc., as specialists such as attorneys and certified public accountants, who are qualified to take part in a management supervision function from a fair and objective standpoint independent from management.

### ■ Criteria for determining independence of external directors

In addition to the requirement for external directors under the Companies Act, the Company judges that an external director candidate is independent if he/she does not fall into any of the following requirements.

- a) The candidate serves or had served the Group in the past.
- b) The candidate is a “major client or supplier\*” of the Company or an executive thereof.
- c) The candidate is a major shareholder of the Company or an executive of the said major shareholder.
- d) The candidate had served in the past at a company whose directors are concurrently serving as the Company’s external director and vice versa.
- e) The candidate is a person who belongs to a company or organization that receives a donation from the Company or a person who had served in the past at said company or organization.
- f) The candidate’s relative within the second degree of kinship serves as an important executive of a “major client or supplier” of the Group or the Company.

\* “Major client or supplier” refers to a client or supplier that fall into either of the following.  
 (1) A client or supplier with whom the Company has transaction that falls into the following, in any of the past three years  
 - a party which receives payment from the Company equivalent to 2% of the party’s consolidated net sales or 100.0 million yen, whichever the greater  
 - a party which makes payments to the Company equivalent to 2% of the Company’s consolidated net sales or 100.0 million yen, whichever the greater  
 (2) A consultant, an accounting professional, or a legal professional who receives compensation from the Company in excess of 10.0 million yen per year (average over the past three fiscal years)

### ■ Reasons for Appointment

#### Reasons for Appointment of External Director, except Audit and Supervisory Committee Members

Name	Reasons for Appointment
Akio Negishi	Akio Negishi serves as President, Representative Executive Officer of Meiji Yasuda Life Insurance Company, and possesses many years of management experience and exceptional knowledge, and we believe that he will be able to contribute to our management overall from a big-picture perspective.

#### Reasons for Appointment of External Directors and Audit and Supervisory Committee Members

Name	Reasons for Appointment
Haruya Uehara	Haruya Uehara has a career as President of Mitsubishi UFJ Trust and Banking Corporation and possesses many years of management experience and outstanding insight, and we believe that he will be able to contribute to securing the soundness and appropriateness of management, as well as to increasing transparency.
Hiroshi Hataguchi	Hiroshi Hataguchi has expertise and experience concerning compliance, etc., as an attorney at law, and we believe that he will be able to contribute to securing the soundness and appropriateness of management, as well as to increasing transparency.
Kunio Ishihara	Kunio Ishihara has a career as President of Tokio Marine & Nichido Fire Insurance Co., Ltd., etc., and possesses long years of management experience and outstanding insight, and we believe that he will be able to contribute to securing the soundness and appropriateness of management, as well as to increasing transparency.

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### Attendance at Meetings of the Board of Directors, Audit and Supervisory Committee, and Board of Corporate Auditors (Year ended March 31, 2017)

Name	Category	Board of Directors	Audit and Supervisory committee	Board of Corporate auditors
Akio Negishi	Director	11 of 12	-	-
Haruya Uehara	Director (Audit and Supervisory committee member)	11 of 12	6 of 7	-
	Corporate auditor	2 of 3	-	3 of 3
Hiroshi Hataguchi	Director (Audit and Supervisory committee member)	12 of 12	7 of 7	-
	Corporate auditor	3 of 3	-	3 of 3
Kunio Ishihara	Director (Audit and Supervisory committee member)	11 of 12	6 of 7	-

\* Subsequent to approval at the 152nd Annual General Shareholders' Meeting held on June 29, 2016, the Company transitioned from a company with a Board of Corporate Auditors to a company with an Audit and Supervisory Committee. Accordingly, the number of meetings held and attended refer to meetings of the respective organization before and after the transition.

\* As both Akio Negishi and Kunio Ishihara were newly elected at the 152nd Annual General Shareholders' Meeting held on June 29, 2016, the number of times the meetings were held and attended after their appointment is presented.

## Compensation of Directors and Officers

### Compensation for Directors and Corporate Auditors (Year ended March 31, 2017)

Category	Monthly compensation		Subscription rights to shares granted as stock-related compensation		Bonuses		Total	
	Number of persons	Amount of compensation (million yen)	Number of persons	Amount of compensation (million yen)	Number of persons	Amount of compensation (million yen)	Number of persons	Amount of compensation (million yen)
Directors other than those who are Audit and Supervisory committee members (of which External directors)	12 (3)	294 (13)	8 (—)	117 (—)	— (—)	— (—)	12 (3)	411 (13)
Directors who are Audit and Supervisory committee members (of which External directors)	5 (3)	62 (24)	—	—	—	—	5 (3)	62 (24)
Corporate auditors (of which External corporate auditors)	4 (2)	18 (5)	—	—	—	—	4 (2)	18 (5)
<b>Total</b>	<b>21</b>	<b>374</b>	<b>8</b>	<b>117</b>	<b>—</b>	<b>—</b>	<b>21</b>	<b>491</b>

\* Subsequent to approval at the 152nd Annual General Shareholders' Meeting held on June 29, 2016, the Company transitioned from a company with a Board of Corporate Auditors to a company with an Audit and Supervisory Committee. Accordingly, the amount of compensation for Corporate Auditors shown above indicates the amount paid prior to this date, while the amount of compensation for Directors who are Audit and Supervisory Committee Members indicates the amount paid after this date.

\* The number of persons pertaining to Directors other than those who are Audit and Supervisory Committee Members shown above includes three Directors (two of whom are External Directors) who retired at the conclusion of the 152nd Annual General Shareholders' Meeting held on June 29, 2016.

\* The amount of subscription rights to shares granted as stock-related compensation shown above indicates the amount of compensation, etc. concerning subscription rights to shares granted to Directors other than those who are Audit and Supervisory Committee Members (excluding Non-Executive Directors) recorded as expenses during the fiscal year.

**Compensation System**

<b>Basic policies regarding compensation</b>	<p>Executive compensation will be determined to satisfy the following basic matters.</p> <ul style="list-style-type: none"> <li>- Executive compensation should motivate executives to sustainably improve values of companies and shareholders, as well as enhance willingness and morale.</li> <li>- Executive compensation should keep, cultivate and reward excellent personnel.</li> <li>- The decision process for the compensation system should be objective and transparent.</li> </ul>
<b>Compensation system and performance-based structure</b>	<p>A) The compensation system for executive directors and officers is comprised of the following items. The distribution ratio for compensation is determined by changing the percentages of fixed monthly compensation and performance-based compensation according to positions and duties.</p> <ul style="list-style-type: none"> <li>- "Fixed monthly compensation": Monetary compensation not based on performance.</li> <li>- "Bonuses": This monetary compensation is based on the degree of accomplishment and qualitative assessment of the capital efficiency and profitability of the Group as a whole and departments in charge on a single-year basis, and is determined within the range of 0% to 200% of the standard payment. Furthermore, if the target value of consolidated operating income is below a certain level, the amount of the standard payment is adjusted downward.</li> <li>- "Performance-based stock compensation": Stock compensation is determined within the range of 0% to 150% in accordance with achievement of consolidated net sales and consolidated operating income, etc. for the final fiscal year of the Medium Term Management Plan to be resolved per each three fiscal years with the aims of sharing value with shareholders and enhancing willingness and morale for improvement of medium- and long-term performance.</li> <li>- "Subscription rights to shares granted as stock-related compensation": Subscription rights to shares are granted with the aims of sharing value with shareholders and enhancing willingness and morale for improvement of long-term performance, within the range not exceeding 5% of the share dilution ratio.</li> </ul> <p>B) The compensation system for non- executive directors consists only of "fixed monthly compensation."</p>
<b>Method for determining compensation level and amount</b>	<p>The Compensation Committee discusses and advises on related systems in order to determine the level and system appropriate to the duties on account of compensation levels of major Japanese companies that globally develop their businesses so as to determine the compensation amount consistent with the performance of the Group and its business scale.</p> <p>The Compensation Committee consists of the representative directors, external directors, and external experts, and discusses the establishment of executive compensation policies, consideration of the compensation system, and specific calculation method. Based on the results of the discussions, compensation for directors other than those who are Audit and Supervisory Committee members is determined by a resolution of the Board of Directors, and compensation for directors who are Audit and Supervisory Committee members is determined by consultation among directors on the Audit and Supervisory Committee.</p>

**Number of Females and Non-Japanese Appointed as Nikon Group Directors / Officers and Corporate Auditors (As of March 31, 2017)**

(Unit: persons)

Category		Number of female	Number of non-Japanese
Nikon		0	0
Group companies*	Directors Officers	2	36
	Corporate auditors	1	3

\* Cases of directors or officers serving in concurrent posts are counted as one individual. For overseas Group companies, all local positions equivalent to director, corporate auditor, and officer are included in the total.

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## Internal Control System

### Basic Policy on Internal Control System

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

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

<http://www.nikon.com/about/ir/governance/internal-control/policy/>

### Structuring of Responsibility and Authority

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

### Internal Auditing

Nikon has designed systems for enabling the Internal Audit Department to fully perform its functions, including securing the independence from operational divisions. Based on the annual audit plan reported to the Executive Committee subsequent to the president's approval, the Internal Audit Department audits whether or not each division conducts their operations in accordance with laws and regulations and internal rules, manages risks adequately, and so on to evaluate the appropriateness of the internal control systems and implemented operations at Nikon Group (including non-consolidated subsidiaries), and presents them with proposals for improvements. Furthermore, the Internal Audit Department conducts the assessments of the company to be made for the Internal Control Report System specified by the Financial Instruments and Exchange Act (J-SOX), and also evaluates the effectiveness of the internal control system from the standpoint of observing the Companies Act. Internal audit sections established at regional holding companies in Europe (the Netherlands), the Americas (the United States), and the Asia and Oceania region (Hong Kong) conduct audit engagements and J-SOX evaluations for subsidiaries in each region from perspectives independent of business operations. The Internal Audit Department of Nikon supervises these internal audit activities to be conducted at each internal audit section to strive for performing effective audits on a global scale. All of the internal audit results are reported to the president and the directors concerned, and follow-ups are implemented with proper timing. Also, an overview of annual audit activities is reported to the board of directors and the Executive Committee. Internal audit results are also shared with the Audit and Supervisory Committee, and regularly scheduled

meetings are held between the Internal Audit Department and the Audit and Supervisory Committee to ensure their close cooperation.

## Risk Management

The Nikon Group manages the comprehensive risks and implements measures for its continuous growth.

### Risk Management System

The Nikon Group set up the Risk Management Committee to deal with the risks appropriately that may have significant impacts on corporate management. This committee covers the entire risk of Nikon Group. It is chaired by the Senior Executive Vice President of Nikon and made up of Executive Committee members, with the Administration Department serving as secretariat. For the year ended March 31, 2017, the committee was held in August 2016 and in February 2017.

The Risk Management Committee supervises the risks as a whole, and specialist committees set up to cover risks requiring specialized knowledge. These subcommittees also handle the detailed matters. Business-specific risks are tackled by the respective business division.

#### Main Activity Themes of Risk Management Committee in the year ended March 31, 2017

- Revisions to BCM rules
- Review of emergency communications equipment
- Survey on litigation
- Company-wide risk identification survey for the year ended March 31, 2017
- Information security

#### Main Specialist Committees involved in Risk Management

Committee	Main risks handled
Risk Management Committee	Risk in general
CSR Committee	CSR in general
Business Conduct Committee	Compliance in general
Environmental Committee	Environmental issues in general (climate change, management of chemical substances)
Export Inspection Committee	- Prevention of the Foreign Exchange Law Violation - Security risk management
Bioethics Review Committee	Bioethics

#### Risk Assessment

The Nikon Group conducts risk identification surveys to gain overall insight into the risks affecting the Group. In the year ended March 31, 2017, the Nikon Group conducted a survey targeting managerial staff at the general manager level and above as well as presidents of Group companies around the world. After tabulation and adjusting survey responses, a risk assessment conducted from a company-wide perspective to identify, analyze and evaluate risks. Next, a risk map indicating the impacts and probability of each risk was prepared to compare the risk awareness of executive officers. This risk map is continuously updated and reported to the Risk Management Committee to shed light on changes taking place year to year. In addition, we have provided training to Group compa-

nies on competition laws to address the risk of potential anti-trust violations outside of Japan. This training has proved to be effective in limiting this risk and also raising awareness about crisis management.

#### Related Information

Financial results contain more information about business and other risks within analysis on management performance and financial condition.

▶ [Financial Results \(Year Ended March 31, 2017, P9 to P12\)](http://www.nikon.com/about/ir/ir_library/result/pdf/2017/17_4qf_c_e.pdf)  
[http://www.nikon.com/about/ir/ir\\_library/result/pdf/2017/17\\_4qf\\_c\\_e.pdf](http://www.nikon.com/about/ir/ir_library/result/pdf/2017/17_4qf_c_e.pdf)

### BCM\*1 Activities Measures

The Nikon Group has formulated BCPs\*2 in preparation for large-scale disasters and other emergencies and reviews them every year.

In the year ended March 31, 2017, the Nikon reconsidered its stockpiling criteria and reexamined some



items for emergency supply



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of the items for emergency supply. In addition, the Nikon worked with the CSR Department about supplies approaching their expiry date, and without the need for disposal, donated them to non-profit organizations. Furthermore, the Nikon reviewed the BCM Operating Procedures continued from the previous term and revised them with a focus on the realities and effectiveness of disaster situations. After these revisions, we encouraged our main Nikon Group in Japan to prepare or update an initial response manual for disasters. This work had been completed by more than half of our Nikon Group in Japan during the year ended March 31, 2017.

\*1 Business Continuity Management (BCM)  
Management activities carried out in normal times, such as the formulation, updating and maintenance of the BCP, implementation of proactive measures, education and training, checking and continual improvement.

\*2 Business Continuity Plan (BCP)  
A plan describing the policy, systems, and procedures, etc., by which corporations can avoid suspension of critical business or can restore critical business quickly if it is interrupted, even when unforeseen contingencies arise, including natural disasters such as major earthquakes, communicable disease pandemics, etc.

## Risk Management for Information Assets

We have built a high level information management system to meet the status of the countries and regions where we operate our business and we protect our information assets from risks such as cyber attacks, leakages or disasters.

### Information Assets Management Policy

We have established the “Nikon Group Information Security Policy”.  
Group companies in Japan have applied the “Nikon Group Information Management Rules” according to it. Group companies overseas have also established their own rules complying with the policy and they are implementing concrete measures.

[▶ The Nikon Group Information Security Policy](http://www.nikon.com/about/sustainability/management/security_policy.pdf)  
[http://www.nikon.com/about/sustainability/management/security\\_policy.pdf](http://www.nikon.com/about/sustainability/management/security_policy.pdf)

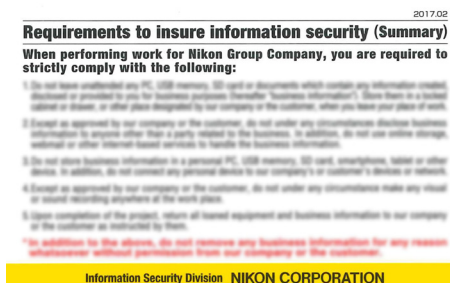
### Information Management System

We have placed President of Nikon as the superintendent of information management and established the Information Security Division to propose measures toward information management throughout the entire Nikon Group and work to implement as well as maintain these systems.

Specifically, we have set up organizations to promote and control information management at each division of Nikon, and each Group company. We have assigned the heads of each of organization as the supervisor of information management. They should strive for comprehensive and appropriate information management based on the guidance of the Information Security Division. In the year ended March 31, 2017, in preparation for compliance with the EU General Data Protection Regulation, which will be enforced from May 2018, we have been discussing with relevant departments regarding the safety of customer data and improving the information management system.

### Information Management of Contractors

We are aware that our indifference to the contractor’s information management regarding disclosed our information will lead to serious information risks. Therefore, some divisions of Nikon have been implementing distribution of handy card requesting for ensuring information security to related contractor’s workers. In the year ended March 31, 2017, we established measures according to importance of information disclosed to contractor for expansion of this approach to other divisions of Nikon and Group companies in Japan. In the year ending March 31, 2018,



The handy card

we set a goal to request in writing contractors, disclosed important information of Nikon Group in Japan, to ensure information security and will expand this approach in series.

### Protection of Personal Information

We have established the “Nikon Group Privacy Protection Policy” based on the belief that dealing with personal information in a proper manner is an important social responsibility.

We provide education to all of our employees, dispatched workers and contractors while implementing necessary and appropriate safety control measures based on this policy and other rules related to information management. Nikon Imaging Japan Inc., which handles a lot of customer’s personal information, has obtained certification under PrivacyMark System\*1 in Japan, and Nikon Inc. (United States) has obtained certification for the PCI DSS\*2.

\*1 PrivacyMark System  
This is a registered trademark recognized by the Japan Information Processing Development Center (JIPDEC), given to companies that meet the fixed requirements concerning personal information protection.

\*2 PCI DSS (Payment Card Industry Data Security Standards)  
This is the credit card industry’s security standards made by the five major credit card companies (American Express, Discover, JCB, Master Card, VISA).

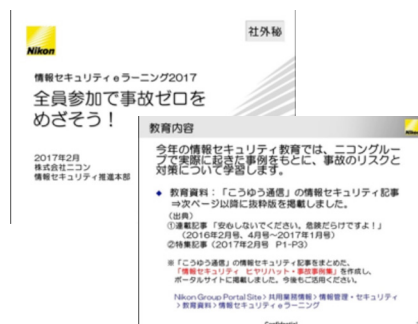
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## Information Security Education

We promote awareness and effectiveness among employees by not only knowledge of the policies and rules but specific examples in our education programs. We have distributed the “Nikon Group Information Security Handbook” to employees of Group companies in Japan and Asia to make sure that every one of them understands the importance of information asset management and complies with the rules with strong awareness.

In the year ended March 31, 2017, we provided e-Learning around the theme of “achievement zero-accidents by all employees” to employees of Group companies in Japan. We also provided training using e-Learning and quarterly journals in Europe and the Americas.



Information Security e-Learning 2017

## Information Security Audit

We periodically conduct internal audits to improve information security level.

In the year ended March 31, 2017, we have conducted audits of 2 departments in Nikon and 25 Group companies in Japan, which handling employees' individual numbers as nicknamed “My Number” (like Social Security Number), and confirmed the management status of dedicated computers to handle employees' My Numbers. In addition, we called Group companies' attention to their web site vulnerabilities.

We plan to conduct audits focusing on personal information management, etc. in the year ending March 31, 2018.

## Responses to Country-specific Risks

The Nikon Group operates globally with employees working in countries all over the world. As the number of Group employees stationed and traveling outside of their home countries increases, we are developing a risk management system for each country which can manage risks that are specific to each region in an appropriate way.

## Risk Management for Employees Dispatched to Foreign Countries

In 2008, the Nikon Group enacted management regulations for expatriated personnel, striving to ensure the safety of business travelers, transferees, and accompanying family members, working outside of their home country. Specifically, a designated Overseas Risks Chief Manager and Officer are stationed within every Nikon Group. The Nikon Human Resources Department, as the Office of Management for Overseas Risks, sets and conveys the Security Level for specific regions, as well as communicates all necessary risk information, and maintains an emergency contact system.

In order to make this policy easier to understand, we revised part of it in the year ended March 31, 2017 and reclassified overseas workers as “expatriate employees and their families sent to work in regions other than their home country.” Additionally, we clarified measures to be taken in the occurrence of situations where the lives or well-being of expatriated employees are threatened, such as in the case of terrorism, as well as measures to be taken to minimize any harm. Furthermore, we issued an English version of this policy in addition to the Japanese version.

### Training Relating to Nikon's Expatriated Employees Risk Management (as of Year Ended March 31, 2017)

- Implementing crisis management guidance relating to terrorism, including video education, and an e-learning program for all Nikon employees dispatched overseas
- Training for members of the Office of Management for Overseas Risks provided by external specialist organizations to help prepare for emergency situations where employees have been affected by terrorism

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## Efforts for Security and Export Control

Japan and other major countries conclude international treaties and establish international framework (export control regime) to maintain international peace and security. In cooperation with the international community, Nikon not only complies with laws and regulations but is also continuously conscious of fulfilling its social responsibilities as well as conducting rigorous control of EXPORT\*.

\* EXPORT: For the export of goods (including domestic trade resulting in export) and provision of technologies.

### Security and Export Control Operations

Based on basic policies and internal regulations at the Nikon Group in Japan that are involved in EXPORT, technical experts entrusted with duties internally determine whether the goods fall under controlled goods. We confirm aspects such as whether the goods can be used for the development of weapons of mass destruction or conventional weapons even if goods do not correspond with those regulated by law.

We apply for approval in cases approval by the Minister of Economy, Trade and Industry is necessary, following the necessary internal procedures for EXPORT.

We formulate internal regulations that follow the laws and ordinances of each country and common Nikon Group rules even at Group companies outside Japan conducting EXPORT. We strive to prevent these exports from becoming round-about export or part of dealings with customers of concern.

### Utilization of AEO Program\*

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



The official logo of the AEO Program

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

### Management of Security Risks in International Trade

The Nikon Group conducts an education program for employees aimed at improving employees' knowledge and understanding of export control. In the year ended March 31, 2017, we held training sessions (23 times with a total of 315 participants) for Nikon Group employees in Japan. Additionally, as well conducting an export control audit for 15 Nikon departments and 15 Group companies in Japan and overseas, we began an education program for expatriate executives to improve export control at Group companies outside Japan. And furthermore, Optos, joined the Nikon Group in the year ended March 31, 2016. We have endeavored to improve its regulations and establish a management system so that it can perform export control according to the standards of the Nikon Group.

## Intellectual Property Management

The Nikon Group protects its advanced technologies, designs, and trademarks, created through research and development activities, by engaging in various efforts related to intellectual property, and supports the brand value of Nikon products in the marketplace.

### Intellectual Property Policy

Intellectual property is recognized as an extremely valuable asset to the Nikon Group because it is a driving force behind the long-term and stable continuation of business and contributes to shaping Nikon's brand value to make it trusted by our customers.

In the event that a third party infringes the intellectual property rights assigned to the Nikon Group, we will take strict action and strive to prevent any harm from impacting not only our customers and all of our stakeholders but also ourselves.

Furthermore, the Nikon Group's fundamental position is to respect the rights of third parties, and we will obtain information on intellectual property through lawful and fair means.

### Intellectual Property System

The Nikon Group has set up Intellectual Property Division within Nikon. It works in close cooperation with the business and R&D divisions to carry out various activities related to intellectual property.

Furthermore, Nikon, and its Group companies in Japan and overseas, have established the Nikon Group Basic Intellectual Property Policy to ensure a strategic response through worldwide cooperation and coordination on the acquisition, maintenance, and utilization of intellectual

property rights as well as the handling of intellectual property disputes and other matters. Additionally, Nikon provides training on intellectual property to new employees, research and development staff, etc. to ensure their proper understanding and handling of intellectual property.

### Data on Nikon's Intellectual Property

Item	Results from 2016
Number of Japanese published patent applications	510
Number of United States patent registrations	219

## Column

### Measures against Infringements on Trademark Rights and Design Rights

From the perspective of brand protection and consumer protection, in cooperation with all of its Group companies, Nikon is continuously working on countermeasures against infringements on trademark rights and design rights. In the event where infringed goods are not dealt with, quality and safety problems may cause unexpected damage to consumers, and there is a possibility that it will become a source of revenue for organized crime. The Nikon Group regards countermeasures against product infringements as a socially important policy, and, as soon as any trends towards the infringement of rights are perceived, we will take all effective measures against them.

Nikon's Measures against Product Infringements	Main Results as of the Year Ended March 31, 2017
Government raids in cooperation with government agencies in each country	According to the findings of research conducted by Nikon, government raids on overseas factories which produce and sell counterfeit products seized approximately 4,100 fake Nikon camera batteries
Criminal investigations in cooperation with police agencies	
Customs injunctions in cooperation with customs offices in each country	Seizure of annually approximately 130,000 counterfeit items, such as spectacle lenses
Detection of counterfeit items on e-commerce sites and take-down of those sites	Approximately 9,200 counterfeit items, mainly camera batteries and chargers, are deleted annually



Raid on counterfeit items by enforcement agencies



Seized counterfeit items

# Compliance

Nikon has established a cross-Group promotion system based on our corporate philosophy of “Trustworthiness and Creativity.” We are striving to ensure complete compliance throughout the entire Nikon Group so that we can live up to the expectations placed on us by society.

## Our Concept of Compliance and Nikon Code of Conduct

The Nikon Group believes that compliance is not only about complying with laws and regulations, but also about conducting sound and fair business activities that conform to corporate rules and social norms, to meet the expectations of stakeholders and earn their trust. The Nikon Code of Conduct is a specific set of criteria for each employee to deeply understand and implement the concept of compliance. It is currently issued in 19 languages and is distributed to employees around the world.

[Nikon Code of Conduct](http://www.nikon.com/about/sustainability/management/code_of_conduct.pdf)  
[http://www.nikon.com/about/sustainability/management/code\\_of\\_conduct.pdf](http://www.nikon.com/about/sustainability/management/code_of_conduct.pdf)

## Compliance Promotion System

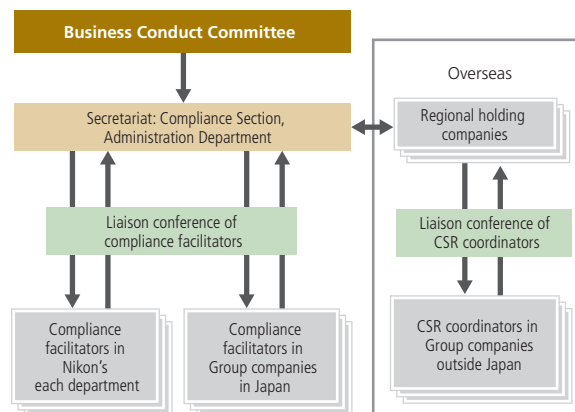
The Business Conduct Committee, chaired by the Senior Executive Vice President of Nikon, has been established, and performs the functions of deliberation and decision-making concerning important issues for the promotion of compliance. The Compliance Section of Nikon’s Administration Department, the secretariat of the Business Conduct Committee, collaborates with CSR sections of each regional holding company to design and develop measures in accordance with promotional situations and issues in each region.

Moreover, we hold CSR coordinator liaison conferences in order to implement highly effective compliance promotion activities. In addition, we have been taking on-board the opinions of regional holding companies, and we are promoting global efforts such as sharing understanding of cultures, customs and regulations in each country and each region.

### Code of Conduct Hotline (Reporting / Consulting System)

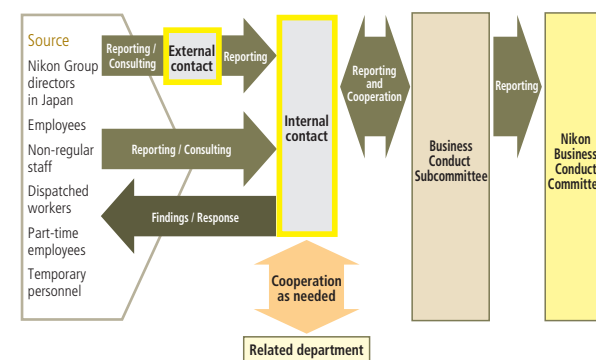
In relation to the Nikon Code of Conduct, the Nikon Group has established a Code of Conduct Hotline as a central system for employees of the Nikon Group in Japan (including non-consolidated Group companies). The Hotline has been set up with an internal point of contact, and an external point of contact through an external specialist firm.

Compliance Promotion Structure Diagram



The same contact points have been set up and are run by external specialists in Europe and the Americas. During the year ended March 31, 2017, 26 consultations were held at Nikon Group in Japan and 12 were held at Group companies outside Japan. Of these consultations, 22 cases in the Nikon Group in Japan and 6 cases in Group companies outside Japan were related to human rights, harassment and labor issues. As a general rule, the Hotline collects information from consulters as well as from people concerned, and develops solutions by working together with relevant departments and conducting follow-up as necessary after objectively understanding the issues relating to each case. In dealing with such problems, we are also especially careful to consider human rights, such as protecting privacy and preventing any disadvantage resulting from these consultations.

Code of Conduct Hotline Diagram





## Compliance Promotion Activities

### Compliance Training for all Group Employees

In order to ensure compliance of top management and all employees, we are holding seminars by professional lawyers, group training programs by compliance facilitators of all departments and companies in and outside Japan, as well as conducting training sessions through e-learning. Specific educational activities abroad focus on regional characteristics and are spearheaded by the regional holding companies outside Japan.

In the year ended March 31, 2017, we conducted anti-bribery training at 81 Nikon Group worldwide.

In addition, the Nikon Group in Japan conducted training once again on basic issues relating to compliance.

And in the CSR newsletter, which is distributed to all Nikon Group employees, we take up compliance related news reported around the world and explain Nikon Group's view on compliance.

### Global Awareness Survey (Monitoring)

The Nikon Group conducts monitoring on a global scale through awareness surveys among its employees to understand the degree of penetration of our Corporate Philosophy and awareness of the Code of Conduct, as well as current situations of compliance education. The results are then reflected in the development of promotional activities.

At a Business Conduct Committee meeting held in December 2016, a report was published on the results of awareness surveys such as inter-regional and yearly comparisons. Group companies outside Japan received feedback on their results from regional holding companies.

### Survey Outline

Country/Region	Frequency	Implementation Period	Number of Respondents
Japan	10th	October 2016	11,463
Greater China	6th	October 2016	1,391
Asia	4th	October 2016	2,201
Europe	4th	June 2016	974
Korea	3rd	Aug.–Sep. 2016	217
Americas	3rd	October 2016	643
Total			16,889

## Efforts to Prevent Bribery

Nikon Group enacted the Nikon Anti-Bribery Policy in order to reiterate its long-standing commitment to prevent corruption both inside and outside of the company.

In addition, holding companies in Asia, Europe, and the Americas formulated Regional Anti-Bribery Guidelines that summarize business concepts, precautions, and operational procedures, etc. necessary to comply with this policy, and they have been implementing training sessions to raise the awareness of the guidelines. At the end of the fiscal year, all group companies reviewed their implementation of these anti-bribery guidelines through self-check sheets to reflect the results to improvement in the next fiscal year.

Furthermore, in order to further ensure prevention of bribery, we held a bribery prevention seminar by a specialist lawyer at the Business Conduct Committee in December 2016 to promote the understanding of top management.

Thanks to these initiatives, the Nikon Group has never been the subject of investigation into corruption by the authorities in any country.

▶ [Nikon Anti-Bribery Policy](http://www.nikon.com/about/sustainability/management/anti-bribery_policy.pdf)  
[http://www.nikon.com/about/sustainability/management/anti-bribery\\_policy.pdf](http://www.nikon.com/about/sustainability/management/anti-bribery_policy.pdf)

## Efforts to Prevent Competition Law Violations

As set out in the Nikon Code of Conduct, the Nikon Group's fundamental position is to carry out fair competition and business dealings which comply with the competition laws of each country. As attention from the international community over competition laws has increased in recent years, and more stringent efforts are required, the Nikon Group has established a framework of communication between legal departments in an effort to strengthen its legal functions while continuing to promote education throughout the Group. Nikon AG, a company within the Nikon Group, was ruled against by the Swiss Federal Competition Committee in 2011 in breach of competition laws. In September of 2016, the administrative court of the country made a decision to support this ruling and Nikon AG paid a settlement of approximately 12 million Swiss francs.

In view of these circumstances, we are continuing to promote education and strengthen our legal functions in a bid to prevent any recurrence. Other than this fine there have been no sanctions or penalties to date.

### Furthering Education around Competition Law

The Nikon Group made a global effort to educate employees with respect to competition law during the year ended March 31, 2016 through to the year ended March 31, 2017. The education program was carried out for all Nikon businesses reflecting the contents of the latest laws and business environment in last year's educational materials. As of the end of March 2017, 50 companies of Nikon Group (including non-consolidated Group companies) and 2,236 employees have taken part in this education program.

We plan to continue education program on competition law in the future.

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## Responding to Fraud

In the event of violations of employment rules or the Nikon Code of Conduct, the Nikon Group takes strict action in accordance with internal regulations after investigating all related matters.

In Nikon in the year ended March 31, 2017, there were five disciplinary actions for fraud against a party or supervisor (nine people), and one disciplinary action (one person) at a Group company in Japan.

In order to prevent a recurrence, details of the cases, including the level of disciplinary action taken, are disclosed internally to each company.

## Bioethics

Nikon established regulations for the Bioethics Review Committee in June 2014 to conduct research and product development with due consideration to human dignity and human rights in business development in the field of life science, and in September of the same year we established the Bioethics Review Committee.

The committee is composed of members, and experts in the humanities, social sciences and natural sciences, and deliberates over research and development conducted in the Nikon Group in Japan. The committee met twice in the year ended March 31, 2017 deliberating on the validity of each research and development based on ethical and scientific perspectives.

Additionally, the Nikon Group conducts ethics education every year for employees involved in medical research and development which utilizes e-learning materials that are widely used by other companies and universities.

There were 180 participants for the year ended March 31, 2017.

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## Data Index Environmental Management

### The Nikon Group's Main Environmental Impacts

INPUT		Nikon		Group companies in Japan		Group companies outside Japan		Unit
		'16/3	'17/3	'16/3	'17/3	'16/3	'17/3*	
Energy etc.	Electricity	164,936	161,254	88,972	87,109	101,936	111,572	MWh
	City gas	5,533	5,128	1,026	1,045	0	0	thousand Nm <sup>3</sup>
	Liquefied petroleum gas (LPG)	480	493	2,000	2,023	113	178	t
	Other fuels	9	9	630	868	0	16	kL
	Hot/Cold water	11,013	8,165	0	0	0	0	thousand MJ
Water	Water	1,878	1,846	891	900	1,098*	1,075	thousand m <sup>3</sup>
PRTR substances*	Volume handled	21	21	76	45	—	—	t

OUTPUT		Nikon		Group companies in Japan		Group companies outside Japan		Unit
		'16/3	'17/3	'16/3	'17/3	'16/3	'17/3*	
CO <sub>2</sub> emissions	Electricity	83,293	80,627	47,064	45,026	61,047	63,166	t-CO <sub>2</sub>
	City gas	12,418	11,509	2,303	2,346	0	0	t-CO <sub>2</sub>
	Liquefied petroleum gas (LPG)	1,439	1,479	5,999	6,066	338	535	t-CO <sub>2</sub>
	Other fuels	24	22	1,690	2,332	0	41	t-CO <sub>2</sub>
	Hot/Cold water	462	465	0	0	0	0	t-CO <sub>2</sub>
Water	Water	—	1,456	—	728	—	847	thousand m <sup>3</sup>
PRTR substances released into the air*		22	18	41	29	—	—	t
Wastes etc.	Amount generated	3,404	3,271	3,261*	3,095	2,239*	2,627	t
	Amount of landfill disposal	3	2	1*	2	—	—	t

Note: Boundaries have been expanded since the year ended March 2017.

\* Data includes only Group manufacturing companies outside Japan.

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## CO<sub>2</sub> Emissions List Breakdown by Scope and Category

(Unit: t-CO<sub>2</sub>)

Scope/Category	Boundary	CO <sub>2</sub> Emissions	
		'16/3	'17/3
Scope 1	Nikon Group companies in Japan Group manufacturing companies outside Japan	24,210	24,329
Scope 2	Nikon Group companies in Japan Group manufacturing companies outside Japan	191,865	189,284
Scope 3 (individual categories within Scope 3 listed below)			
1. Purchased goods and services	Imaging Products Business and Precision Equipment Business	806,989	1,329,197
2. Capital goods	The entire Nikon Group	100,276	92,055
3. Fuel- and energy-related activities not included in Scope 1 and 2	Nikon Group companies in Japan Group manufacturing companies outside Japan	17,344	17,468
4. Upstream transportation and distribution	The entire Nikon Group	93,220	82,003
5. Waste generated in operations	Nikon (excluding Head Office) Group manufacturing companies in Japan Group manufacturing companies outside Japan	3,182	2,905
6. Business travel	Nikon	6,115	6,067
7. Employee commuting	Nikon	5,171	3,206
8. Upstream leased assets (included in Scope 2)	Calculation included in Scope 2	—	—
9. Downstream transportation and distribution	Excluded (because the amount is very small)	—	—
10. Processing of sold products (excluded)	Excluded (because the amount is very small)	—	—
11. Use of sold products	Imaging Products Business and Precision Equipment Business	110,761	302,484
12. End-of-life treatment of sold products	Imaging Products Business and Precision Equipment Business	6,797	5,129
13. Leased assets (downstream) (excluded)	Excluded (because the amount is very small)	—	—
14. Franchises (out of scope)	Out of scope	—	—
15. Investments (out of scope)	Out of scope	—	—

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## CO<sub>2</sub> Emissions from Nikon Group

	'14/3	'15/3	'16/3	'17/3	Unit
Nikon and Group companies in Japan	160	157	155	150	thousand tons of CO <sub>2</sub>
Group manufacturing companies outside Japan	62	64	61	64	thousand tons of CO <sub>2</sub>
Emissions per unit of sales	0.23	0.26	0.26	0.29	tons of CO <sub>2</sub> / million yen

\* The following values were used for CO<sub>2</sub> emission factors:

Electric power:

In Japan: Specific value of each electricity company

Outside Japan: International Energy Agency (IEA) factors by country for the year ended March 31, 2013

City gas: Specific value of each gas company

Other fuels: Values given in the GHG Emissions Accounting and Reporting Manual to calculate the energy usage in each fiscal year.

\* Boundaries (both in and outside Japan) have been expanded since the year ended March 2016.

## Energy Use by Nikon Group

	'13/3	'14/3	'15/3	'16/3	'17/3	Unit
Nikon and Group companies in Japan	3,011	2,923	2,863	2,932	2,871	TJ
Group manufacturing companies outside Japan	—	—	—	—	1,122	TJ
Emissions per unit of sales	2.98	2.98	3.34	3.56	5.33	GJ / million yen

\* Energy use is calculated using the following unit calorific values:

Electricity and other fuels: Values given in the GHG Emissions Accounting and Reporting Manual to calculate the energy usage in each fiscal year.

City gas: Specific value of each gas company

\* Overseas values have been added since the year ended March 2017.

## Renewable Energy Use by Nikon

	'13/3	'14/3	'15/3	'16/3	'17/3	Unit
Green electricity	45.2	47.8	47.9	39.8	33.5	MWh
Other energy sources	134.7	150.3	135.6	140.2	131.2	MWh
Total	179.9	198.0	183.5	179.7	164.7	MWh

## CO<sub>2</sub> Emissions from Distribution in Japan, International Shipment and Distribution Outside Japan

	'13/3	'14/3	'15/3	'16/3	'17/3	Unit
CO <sub>2</sub> emissions in distribution	172	142	102	91	82	thousand tons of CO <sub>2</sub>
CO <sub>2</sub> per ton-kilometer	0.61	0.59	0.56	0.53	0.50	kg



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### Sales Trends of Refurbished Steppers & Scanners (for IC)

	'13/3	'14/3	'15/3	'16/3	'17/3	Unit
Units sold	15	8	13	21	10	Units
The percentage of total units sold	37.5	20.0	32.5	60.0	29.4	%
Cumulative total	306	314	327	348	358	Units

### Amount of Waste etc. (Waste plus Resources with Economic Value) Generated by Nikon and Group Companies in Japan

(Unit: tons)

	'13/3	'14/3	'15/3	'16/3	'17/3
Waste	4,117	3,796	4,724	5,145	4,992
Resources with economic value	1,686	1,696	1,522	1,520	1,374
Total	5,803	5,492	6,246	6,665	6,366

\* Data include special disposal.

\* Boundaries have been expanded since the year ended March 2017.

### Water Use by Nikon Group

(Unit: thousand m<sup>3</sup>)

	'13/3	'14/3	'15/3	'16/3	'17/3
Nikon and Group companies in Japan	2,932	2,819	2,488	2,769	2,746
Group manufacturing companies outside Japan	—	—	1,213	1,098	1,075
Total	—	—	3,700	3,867	3,820

\* Boundaries (both in and outside Japan) have been expanded since the year ended March 2016.

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## Nikon Group Environmental Partner Certification

(Unit: companies [cumulative total])

	'13/3	'14/3	'15/3	'16/3	'17/3
Environmental Partner Certification	36	172	258	347	407

## Environmental Management System Auditors

(Unit: persons)

	'14/3	'15/3	'16/3	'17/3
In Japan	100	91	116	111
Outside Japan	14	19	22	19
Total	114	110	138	130

## PRTR Survey Results for Nikon and Group Manufacturing Companies in Japan

(Unit: kg)

		'13/3	'14/3	'15/3	'16/3	'17/3
Volume handled		111,856	107,096	95,054	101,223	65,141
Amount released	Air	69,707	63,004	55,507	64,179	46,773
	Public water	1	2	2	2	2
	Amount in on-site landfill	0	0	0	0	0
	Soil	0	0	0	0	0
Amount transferred	Sewage	243	218	187	0	0
	Waste	20,509	19,107	19,655	15,989	18,367

\* The figures given for total volume handled may vary slightly from the subtotals due to rounding.

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## Data Index Labor Practices

### Numbers for New Hires

(Unit: persons)

		Year Ended March 2017	Total
Nikon	Men	108	137
	Women	29	
Group companies in Japan	Men	73	90
	Women	17	
Group companies outside Japan	Men	302	513
	Women	211	

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

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

### Employee Composition

(Unit: persons)

		'13/3	'14/3	'15/3	'16/3	'17/3
By region	Total	24,047	23,859	25,415	25,729	25,031
	Japan	10,062	10,168	10,035	9,870	9,835
	Europe	1,687	1,695	1,626	2,011	2,040
	Americas	1,320	1,273	1,198	1,103	1,010
	Asia/Oceania	10,978	10,723	12,556	12,745	12,146

\* Consolidated figures include permanent employees and non-regular staff of the Nikon Group and executive officers of Group companies. For regional percentages, employees of Nikon who are temporarily assigned to Group companies are included in the region to which they are assigned, while employees assigned to non-consolidated companies are not included. Employees of Nikon Metrology NV and its subsidiaries are included in the figures for Europe.

### Average Age

(Unit: years old)

		'13/3	'14/3	'15/3	'16/3	'17/3
Men	Nikon	44.4	44.7	44.3	45.5	45.9
	Group companies in Japan	41.8	42.4	42.9	43.4	42.4
	Group companies outside Japan	36.3	37.2	37.4	38.8	39.0
Women	Nikon	39.0	39.3	39.0	40.2	40.7
	Group companies in Japan	42.5	43.2	44.0	44.2	44.3
	Group companies outside Japan	31.8	32.6	32.0	32.6	33.9

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

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

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## Average Years of Service

(Unit: years)

		'13/3	'14/3	'15/3	'16/3	'17/3
Men	Nikon	19.9	20.1	20.3	20.5	20.8
	Group companies in Japan	15.2	15.5	15.9	16.4	16.0
	Group companies outside Japan	7.8	8.4	8.9	9.1	9.5
Women	Nikon	14.6	14.8	15.1	15.5	15.9
	Group companies in Japan	16.5	16.9	17.3	18.1	17.2
	Group companies outside Japan	6.1	7.1	6.9	7.7	8.7

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

\* Includes Nikon employees who are temporarily assigned to affiliated companies.

## Turnover

(Unit: persons)

		'13/3		'14/3		'15/3		'16/3		'17/3	
		Retirees	Others	Retirees	Others	Retirees	Others	Retirees	Others	Retirees	Others
Nikon	Men	68	76	28	102	37	142	41	205	32	161
	Women	3	11	2	9	3	18	1	20	1	11
Group companies in Japan	Men	50	55	38	61	47	93	66	107	31	123
	Women	7	18	8	20	10	25	8	34	4	50
Group companies outside Japan	Men	25	182	11	221	26	304	14	320	39	465
	Women	8	93	13	131	14	192	13	220	5	261

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

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## Ratio of Female Employees

(Unit: %)

	'13/3	'14/3	'15/3	'16/3	'17/3
Nikon	9.7	10.0	10.3	10.6	11.0
Group companies in Japan	16.9	16.9	16.5	15.9	16.8
Group companies outside Japan	63.2	62.6	66.8	66.6	65.5

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

## Ratio of Females in Management Positions

(Unit: %)

	'13/3	'14/3	'15/3	'16/3	'17/3
Nikon	3.1	3.6	4.1	4.7	5.7
Group companies in Japan	3.1	2.9	2.2	2.4	3.7
Group companies outside Japan	24.5	25.2	25.0	28.0	26.5

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

\* Management Position means section managers and higher.

\* The term "management position" includes managers not assigned to executive officer posts.

## Employment of People with Disabilities under Group Certification

(Unit: %)

2012	2013	2014	2015	2016
1.85	2.16	2.32	2.29	2.27

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



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[> Data Index](#) [Independent Practitioner's Assurance](#) [GRI Content Index](#)**Number of Employees Taking Childcare Leave**

(Unit: persons)

		'13/3	'14/3	'15/3	'16/3	'17/3
Nikon	Men	7	3	9	6	7
	Women	16	22	21	27	35
Group companies in Japan	Men	1	1	1	1	2
	Women	35	32	12	16	19

\* Permanent employees and non-regular staff

\* Percentage of employees returning to work after childcare leave (for the year ended March 31, 2017): at Nikon: 90% / Group companies in Japan: 100%

**Number of Employees Taking Maternity Leave**

(Unit: persons)

		'13/3	'14/3	'15/3	'16/3	'17/3
Nikon		16	23	13	32	32
Group companies in Japan		31	22	15	13	17

\* Permanent employees and non-regular staff

**Number of Employees Taking Family Care Leave**

(Unit: persons)

		'13/3	'14/3	'15/3	'16/3	'17/3
Nikon	Men	1	2	2	0	3
	Women	0	0	1	1	2
Group companies in Japan	Men	0	0	0	2	0
	Women	1	2	1	0	0

\* Permanent employees and non-regular staff

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

	'13/3	'14/3	'15/3	'16/3	'17/3
Nikon	0.38	0.48	0.09	0.09	0.17
Group companies in Japan	0.44	0.32	0.73	0.34	0.67

\* 25 Group companies in Japan including non-consolidated companies until the year ended March 2015, 26 for the year ended March 2016, and 27 for the year ended March 2017.

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

	'13/3	'14/3	'15/3	'16/3	'17/3
Nikon	0.70	0.01	0.00	0.00	0.00
Group companies in Japan	0.01	0.00	0.01	0.01	0.01

\* 0.00 indicates a rate of less than 0.005.

\* 25 Group companies in Japan including non-consolidated companies until the year ended March 2015, 26 for the year ended March 2016, and 27 for the year ended March 2017.

### Occupational Accidents Requiring Time Off by Region (1 or more days)

Region	Year Ended March 2017	
	Accidents requiring time off (person)	Lost days* (day)
Greater China	16	155
Korea	0	0
Asia/Oceania	0	0
Europe	6	81
Americas	3	146
Japan	11	108
Total	36	490

\* Lost days: Number of days multiplying 300/365 by the number of days of leave in the past

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## Data Index Supply Chain Management

### Procurement Partner Survey on CSR

	'16/3	'17/3	Unit
Participation in briefings	897	690	Companies
CSR survey implementation	207	214	Companies
Response rate	100	73.4	%
CSR audit implementation	3	3	Companies
Improvement plan requests	13	13	Companies

### Conflict Minerals' Country of Origin Survey (as of May 31, 2017)

	2013	2014	2015	2016	Unit
Target	348	1,015	1,027	740	Companies
Response rate	90.5	99.9	100	99	%
CFSP-compliant smelter	58	129	227	257	
CFSI-acknowledged smelter	132	92	89	103	

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## Data Index **Community Contribution Activities**

### Community Contribution Expenses of Nikon Group

		'16/3	'17/3	Unit
Expenses		682,145	803,874	Thousand yen
Breakdown by Type	Donations	30.2	32.3	%
	Disaster donations	1.2	2.2	%
	East Japan recovery support donations	1.3	0.7	%
	Activity expenses	57.4	57.2	%
	East Japan recovery support activity expenses	9.9	7.5	%
Breakdown by Field	Environment	3.6	3.0	%
	Education	25.9	23.7	%
	Welfare	4.1	8.8	%
	Culture and arts	51.8	52.1	%
	Assistance for reconstruction	12.4	10.5	%
	Other	2.2	1.9	%
Breakdown by Region	Japan (Japan related)	76.8	74.4	%
	Japan (overseas related)	12.5	12.7	%
	Americas	3.5	2.0	%
	Europe	2.4	4.1	%
	Greater China	1.2	0.3	%
	Asia/Pacific/Other	3.6	6.4	%

### Number of Nikon Group Employees Participating in Community Contribution Activities (total)

(Unit: persons)

'15/3	'16/3	'17/3
2,627	4,477	3,302

# Independent Practitioner's Assurance

Nikon Group obtains independent practitioner's assurance in order to increase the reliability of reported information.

## Assurance Scope



Item	Assurance scope
Environmental Management	Scope 3 (Category 11, Imaging Products Business and Precision Equipment Business) CO <sub>2</sub> Emissions
	CO <sub>2</sub> Emissions from Nikon Group* and emissions per unit of sales
	Energy Use by Nikon Group and energy use per unit of sales
	Amount of Waste etc. (Waste plus Resources with Economic Value) Generated by Nikon and Group Manufacturing Companies in Japan and Their Breakdown by Category
	Waste Generation at Group Manufacturing Companies Outside Japan
	Nikon Group's* Water Use
	Number of Incidents of Wastewater Quality Not Meeting the Legally-mandated Standards at Nikon and Group Manufacturing Companies in Japan
Labor Practices	Frequency Rates of Lost Time Accidents and Severity Rates at Nikon and Group Companies in Japan

\* Nikon Group outside Japan indicates the Group manufacturing companies.

## Scope

Results for the year ended March 31, 2017  
(April 1, 2016–March 31, 2017)

## Independent Practitioner's Assurance Report

Independent Practitioner's Assurance Report

To the President and Representative Director of Nikon Corporation

We have undertaken a limited assurance engagement of the 'sustainability information' on Energy use and its use per unit of sales by Nikon Corporation (the "Company"), Group companies in Japan, and Group manufacturing companies outside Japan, CO<sub>2</sub> emissions and those emissions per unit of sales from the Company, Group companies in Japan, and Group manufacturing companies outside Japan, Water use by the Company, Group companies in Japan, and Group manufacturing companies outside Japan, Number of cases where wastewater quality not meeting the legally-mandated standards at the Company and Group manufacturing companies in Japan, Amount of waste, etc. (waste plus resources with economic value) generated by the Company and Group companies in Japan and their breakdown by category, Amount of waste generation at Group manufacturing companies outside Japan, Scope 3 (Category 11) CO<sub>2</sub> emissions of the Nikon Group (Imaging Products Business and Precision Equipment Business), and Frequency rates of lost time accidents and Severity rates at the Company and Group companies in Japan for the year ended March 31, 2017 (from April 1, 2016 to March 31, 2017) included in the "Nikon SUSTAINABILITY REPORT 2017" of the Company.

**The Company's Responsibility**  
The Company is responsible for the preparation of the sustainability information in accordance with the calculation and reporting standard adopted by the Company (indicated with the sustainability information). CO<sub>2</sub> quantification is subject to inherent uncertainty for reasons such as incomplete scientific knowledge used to determine emission factors and numerical data.

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

**Our Responsibility**  
Our responsibility is to express a limited assurance conclusion on the sustainability information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board (IAASB), ISAE 3410, *Assurance Engagements on Greenhouse Gas Statements*, issued by the IAASB and the *Practical Guideline for the Assurance of Sustainability Information*, issued by the Japanese Association of Assurance Organizations for Sustainability Information. The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records. These procedures also included the following:  
 \*Evaluating whether the Company's methods for estimates are appropriate and had been consistently applied. However, our procedures did not include testing the data on which the estimates are based or reperforming the estimates.  
 \*Undertaking site visits to assess the completeness of the data, data collection methods, source data and relevant assumptions applicable to the sites.

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

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

*Deloitte Tohmatsu Sustainability Co., Ltd.*  
Deloitte Tohmatsu Sustainability Co., Ltd.  
Tokyo, Japan  
August 21, 2017

Member of  
Deloitte Touche Tohmatsu Limited

\* International Standard on Assurance Engagements (ISAE) 3000 and 3410  
These assurance engagement standards were developed by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). ISAE 3000 deals with "assurance engagements other than audits or reviews of historical financial information of entities," which encompass assurance engagements on environmental information and information about social aspects. ISAE 3410 determines procedures for assurance engagements concerning greenhouse gas statements based on ISAE 3000. Compliance with ISAE 3410 necessitates that the requirements of ISAE 3000 also be fulfilled.

\* Inherent uncertainty  
Uncertainty is inherent in the calculation of the amount of greenhouse gases. This uncertainty is unavoidable for any entity that performs the calculations, because the global warming potential values and other elements used in the calculations are based on current scientific hypotheses and errors generated by measuring equipment and other sources are inevitable. This uncertainty does not mean that the calculated values are inapplicable. The ISAE 3410 stipulates that reported information can be assured as long as the hypotheses are reasonable and sufficient disclosure is provided regarding their content.

# GRI Content Index

The following table compares “Sustainability Report 2017” and GRI Sustainability Reporting Guidelines version 4. Information related to Standard Disclosures of the GRI G4 Guidelines indicated.

## General Standard Disclosures

GRI Guidelines		Corresponding item/page	
<b>Strategy and Analysis</b>			
G4-1	Statement from the most senior decision-maker of the organization.	Message from the President	P3
G4-2	Description of key impacts, risks, and opportunities.	Message from the President CSR Priority Issues Risk Management	P3 P10 P82
<b>Organizational Profile</b>			
G4-3	Name of the organization.	Nikon Group Profile	P5
G4-4	Primary brands, products and/or services.	Business Domains	P6
G4-5	Location of the organization's headquarters.	Nikon Group Profile	P5
G4-6	Number and names of countries where the organization operates.	Nikon Group Profile	P5
G4-7	Nature of ownership and legal form.	Nikon Group Profile Securities Report	P5 —
G4-8	Markets served.	Nikon Group Profile Securities Report	P5 —
G4-9	Scale of the reporting organization.	Nikon Group Profile	P5
G4-10	Details of workforce.	Diverse, Thriving Employees Data Index—Labor Practices	P57 P95
G4-11	Percentage of total employees covered by collective bargaining agreements.	Nikon: 88.9%	—
G4-12	organization's supply chain.	Nikon's Supply Chain Management	P65
G4-13	Significant changes during the reporting period.	Securities Report	—
G4-14	Whether and how the precautionary approach or principle is addressed by the organization.	Product Responsibility Initiatives Environmental Management Promotion System Risk Management	P15 P24 P82
G4-15	Externally developed charters, principles, or other initiatives to which the organization subscribes or endorses.	Initiatives under the U.N. Global Compact Stakeholder Engagement	P9 P13
G4-16	Memberships of associations and national or international advocacy organizations.	Initiatives under the U.N. Global Compact Stakeholder Engagement	P9 P13

GRI Guidelines		Corresponding item/page	
<b>Identified Material Aspects and Boundaries</b>			
G4-17	All entities included in the organization's financial statements or equivalent documents.	Securities Report	—
G4-18	Process for defining report content and Boundaries.	About Sustainability Report 2017 CSR Priority Issues	P2 P10
G4-19	All the material Aspects identified in the process for defining report content.	CSR Priority Issues	P10
G4-20	Report the Aspect Boundary within the organization.	About Sustainability Report 2017 Environmental Management Promotion System	P2 P24
G4-21	Report the Aspect Boundary outside the organization.	—	—
G4-22	The effect of any restatements of information provided in previous reports, and the reasons for such restatements.	—	—
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries.	Environmental Management Promotion System	P24
<b>Stakeholder Engagement</b>			
G4-24	Stakeholder groups engaged by the organization.	Stakeholder Engagement	P13
G4-25	Basis for identification and selection of stakeholders.	—	—
G4-26	Approach to stakeholder engagement.	Stakeholder Engagement *The "Main Forms of Engagement" discussed on P13 do not include engagement undertaken as part of the process of compiling the Report.	P13
G4-27	Key topics and concerns raised through stakeholder engagement.	—	—
<b>Report Profile</b>			
G4-28	Reporting Period for information provided.	About Sustainability Report 2017	P2
G4-29	Date of most recent report.	About Sustainability Report 2017	P2
G4-30	Reporting cycle.	About Sustainability Report 2017	P2



Contents / Editorial Policy	Message from the President	Nikon Group Profile	Nikon CSR	Product Responsibility	Environmental Management	Respect for Human Rights	Labor Practices	Supply Chain Management	Community Contribution Activities	Foundations of Management	Data Index etc.
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GRI Guidelines		Corresponding item/page	
G4-31	Contact point for questions.	About Sustainability Report 2017	P2
G4-32	Report the 'in accordance' option chosen, content index, and external assurance report.	These tables Independent Assurance	P103 P102
G4-33	Organization's policy and current practice with external assurance of the report.	Independent Assurance	P102
<b>Governance</b>			
G4-34	Governance structure of the organization.	CSR Promotion System Corporate Governance	P8 P77
G4-35	Process for delegating authority for sustainability topics from the board to senior executives and other employees.	CSR Promotion System Corporate Governance	P8 P77
G4-36	Whether the organization has appointed an executive-level position or positions with responsibility for sustainability topics.	CSR Promotion System	P8
G4-37	Processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics.	—	—
G4-38	Composition of the board and its committees.	Corporate Governance	P77
G4-39	Whether the chair of the board is also an executive officer.	Corporate Governance	P77
G4-40	Nomination and selection processes for the board and its committees.	Corporate Governance	P77
G4-41	Processes for the highest governance body to ensure conflicts of interest are avoided and managed.	Policy: Corporate Governance Guideline	—
G4-42	Board's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to sustainability impacts.	CSR Promotion System Corporate Governance	P8 P77
G4-43	Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	—	—
G4-44	Processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics.	—	—
G4-45	Board's role in the identification and management of sustainability impacts, risks, and opportunities, and in the implementation of due diligence processes.	CSR Promotion System Corporate Governance Risk Management	P8 P77 P82

GRI Guidelines		Corresponding item/page	
G4-46	Highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	Corporate Governance Risk Management	P77 P82
G4-47	Frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	—	—
G4-48	Highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.	CSR Promotion System	P8
G4-49	Process for communicating critical concerns to the highest governance body.	Risk Management	P82
G4-50	Nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.	—	—
G4-51	The remuneration policies for the board and senior executives, and the linkage between performance criteria and the organization's sustainability objectives.	Corporate Governance	P77
G4-52	Process for determining remuneration.	Corporate Governance	P77
G4-53	How stakeholders' views are sought and taken into account regarding remuneration.	—	—
G4-54	Ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees in the same country.	—	—
G4-55	Ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees in the same country.	—	—
G4-56	Organization's values, principles, standards and norms of behavior.	Compliance	P87
G4-57	Internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity,	Compliance	P87
G4-58	Internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity.	Compliance	P87

Contents / Editorial Policy	Message from the President	Nikon Group Profile	Nikon CSR	Product Responsibility	Environmental Management	Respect for Human Rights	Labor Practices	Supply Chain Management	Community Contribution Activities	Foundations of Management	Data Index etc.
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## Specific Standard Disclosures

GRI Guidelines		Corresponding item/page	
<b>■ Economic</b>			
<b>Economic Performance</b>			
G4-EC1	Direct economic value generated and distributed	Nikon Group Profile Securities Report	P5 —
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	—	—
G4-EC3	Coverage of the organization's defined benefit plan obligations	Securities Report	—
G4-EC4	Financial assistance received from government	—	—
<b>Market Presence</b>			
G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	—	—
G4-EC6	Proportion of senior management hired from local community at significant locations of operations	—	—
<b>Indirect Economic Impacts</b>			
G4-EC7	Development and impact of infrastructure investments and services supported	Community Contribution Activities (website)	—
G4-EC8	Significant indirect economic impacts, including the extent of impacts	Community Contribution Activities Realizing a Healthy and Environmentally-safe Society Data Index—Community Contribution Activities Community Contribution Activities (website)	P70 P51 P101 —
<b>Procurement Practices</b>			
G4-EC9	Proportion of spending on local suppliers at significant locations of operation	Nikon's Supply Chain Management	P65
<b>■ Environmental</b>			
<b>Raw materials</b>			
G4-EN1	Materials used by weight or volume	—	—
G4-EN2	Percentage of materials used that are recycled input materials	—	—
<b>Energy</b>			
G4-EN3	Energy consumption within the organization	Realizing a Low-carbon Society Data Index—Environmental Management	P36 P92
G4-EN4	Energy consumption outside of the organization	—	—
G4-EN5	Energy intensity	Realizing a Low-carbon Society Data Index—Environmental Management	P36 P92

GRI Guidelines		Corresponding item/page	
G4-EN6	Reduction of energy consumption	Realizing a Low-carbon Society Data Index—Environmental Management	P36 P92
G4-EN7	Reductions in energy requirements of products and services	Environmental Management Promotion System	P32
<b>Water</b>			
G4-EN8	Total water withdrawal by source	Realizing a Resource-circulating Society Data Index—Environmental Management Environmental Data (Japanese only)	P45 P93 —
G4-EN9	Water sources significantly affected by withdrawal of water	—	—
G4-EN10	Percentage and total volume of water recycled and reused	Realizing a Resource-circulating Society	P45
<b>Biodiversity</b>			
G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	—	—
G4-EN12	Significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	Realizing a Resource-circulating Society	P44
G4-EN13	Habitats protected or restored	Realizing a Healthy and Environmentally-safe Society	P51
G4-EN14	Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	Not applicable	—
<b>Emissions</b>			
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	Realizing a Low-carbon Society Data Index—Environmental Management	P35 P91
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	Realizing a Low-carbon Society Data Index—Environmental Management	P35 P91
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	Realizing a Low-carbon Society Data Index—Environmental Management	P35 P91
G4-EN18	Greenhouse gas (GHG) emissions intensity	Realizing a Low-carbon Society Data Index—Environmental Management	P36 P92
G4-EN19	Reduction of greenhouse gas (GHG) emissions	Realizing a Low-carbon Society Data Index—Environmental Management	P36 P92
G4-EN20	Emissions of ozone-depleting substances (ODS)	Realizing a Healthy and Environmentally-safe Society	P46
G4-EN21	NOx, SOx, and other significant air emissions	Environmental Data (Japanese only)	—

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GRI Guidelines		Corresponding item/page	
<b>Effluents and Waste</b>			
G4-EN22	Total water discharge by quality and destination	Realizing a Resource-circulating Society Data Index—Environmental Management	P44 P94
G4-EN23	Total weight of waste by type and disposal method	Realizing a Healthy and Environmentally-safe Society Data Index—Environmental Management	P42 P93
G4-EN24	Total number and volume of significant spills	Realizing a Healthy and Environmentally-safe Society Data Index—Environmental Management	P50 —
G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	Not applicable	—
G4-EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff	—	—
<b>Products and Services</b>			
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	Environmental Management Promotion System Realizing a Resource-circulating Society	P31 P41
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category	—	—
<b>Compliance</b>			
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Not applicable	—
<b>Transport</b>			
G4-EN30	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	Realizing a Low-carbon Society Data Index—Environmental Management	P34, P38 P92
<b>Overall</b>			
G4-EN31	Total environmental protection expenditures and investments by type	Environmental Management Promotion System	P29
<b>Supplier Environmental Assessment</b>			
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	—	—
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	Realizing a Healthy and Environmentally-safe Society Data Index—Environmental Management	P47 P94

GRI Guidelines		Corresponding item/page	
<b>Environmental Grievance Mechanisms</b>			
G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	Environmental Management Promotion System	P24
<b>■ Practices and Decent Work</b>			
<b>Employment</b>			
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	Diverse, Thriving Employees Data Index—Labor Practices	P57 P95
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	—	—
G4-LA3	Return to work and retention rates after parental leave, by gender	Supporting Diverse Work Styles Data Index—Labor Practices	P62 P98
<b>Labor/Management Relations</b>			
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	Human Resources Management System / Human Resources Development / Labor Relations	P56
<b>Occupational Health and Safety</b>			
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	—	—
G4-LA6	Type and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	Employees' Health and Safety Data Index—Labor Practices	P63 P99
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	—	—
G4-LA8	Health and safety topics covered in formal agreements with trade unions	Employees' Health and Safety	P63
<b>Training and Education</b>			
G4-LA9	Average hours of training per year per employee by gender, and by employee category	Human Resources Management System / Human Resources Development / Labor Relations * There was no significant difference between male and female employees in terms of average hours of training per year.	P55
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Human Resources Management System / Human Resources Development / Labor Relations Diverse, Thriving Employees	P54 P59

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GRI Guidelines		Corresponding item/page	
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	Human Resources Management System / Human Resources Development / Labor Relations * There was no significant difference between male and female employees in terms of the implementation of performance and career development reviews.	P55
<b>Diversity and Equal Opportunity</b>			
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	Diverse, Thriving Employees Data Index—Labor Practices Corporate Governance	P57 P97 P80
<b>Equal Remuneration for Women and Men</b>			
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	—	—
<b>Supplier Assessment for Labor Practices</b>			
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	—	—
G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	Promoting CSR Procurement Data Index—Supply Chain Management	P67-P69 P100
<b>Labor Practices Grievance Mechanisms</b>			
G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	Compliance * There were a total of 28 grievances relating to human rights, harassment or labor practices, all of which were addressed within the period covered by the Report.	P87
<b>Human Rights</b>			
<b>Investment</b>			
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	—	—
G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	—	—
<b>Non-discrimination</b>			
G4-HR3	Total number of incidents of discrimination and corrective actions taken	Compliance	P87

GRI Guidelines		Corresponding item/page	
<b>Freedom of Association and Collective Bargaining</b>			
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	—	—
<b>Child Labor</b>			
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	Human Rights Initiatives Promoting CSR Procurement Data Index—Supply Chain Management	P53 P67 P100
<b>Forced or Compulsory Labor</b>			
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	Human Rights Initiatives Promoting CSR Procurement Data Index—Supply Chain Management	P53 P67 P100
<b>Security Practices</b>			
G4-HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	—	—
<b>Indigenous Rights</b>			
G4-HR8	Total number of incidents of violations involving rights of Indigenous Peoples and actions taken	Not applicable	—
<b>Assessment</b>			
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	—	—
<b>Supplier Human Rights Assessment</b>			
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	—	—
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	Human Rights Initiatives Promoting CSR Procurement Data Index—Supply Chain Management	P53 P67 P100
<b>Human Rights Grievance Mechanisms</b>			
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	Human Rights Initiatives Compliance	P53 P87

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GRI Guidelines		Corresponding item/page	
<b>■ Society</b>			
<b>Local Communities</b>			
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	Realizing a Healthy and Environmentally-safe Society Community Contribution Activities Data Index—Environmental Management	P49 P70 P94
G4-SO2	Operations with significant actual and potential negative impacts on local communities	—	—
<b>Anti-corruption</b>			
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	Compliance	P88
G4-SO4	Communication and training on anti-corruption policies and procedures	Compliance	P88
G4-SO5	Confirmed incidents of corruption and actions taken	Compliance	P88, P89
<b>Public Policy</b>			
G4-SO6	Total value of political contributions by country and recipient/beneficiary	¥0	—
<b>Anti-competitive Behavior</b>			
G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	Compliance	P88
<b>Compliance</b>			
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Compliance	P88
<b>Supplier Assessment for Impacts on Society</b>			
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	—	—
G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	Promoting CSR Procurement Data Index—Supply Chain Management	P68 P100
<b>Grievance Mechanisms for Impacts on Society</b>			
G4-SO11	Number of grievances about impacts on society files, addressed, and resolved through formal grievance mechanisms	—	—

GRI Guidelines		Corresponding item/page	
<b>■ Product Responsibility</b>			
<b>Customer Health and Safety</b>			
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	—	—
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	—	—
<b>Product and Service Labeling</b>			
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	—	—
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	Product Responsibility Initiatives	P17
G4-PR5	Results of surveys measuring customer satisfaction	—	—
<b>Marketing Communications</b>			
G4-PR6	Sale of banned or disputed products	Not applicable	—
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	Not applicable	—
<b>Customer Privacy</b>			
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Not applicable	—
<b>Compliance</b>			
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	Not applicable	—





## About the Cover Illustration

In 2016, Japanese Golden Eagle chick was successfully reared by its parents at a nest in the Akaya Forest, for the first time over the past seven years since 2009. It is believed that Japan has lost around one-third of its breeding pairs of Japanese Golden Eagles over the past 30 years. This makes the successful rearing of chick in the Akaya Forest more significant.

The cover illustration chosen for this year's Nikon Sustainability Report is "Young Japanese Golden Eagle Flying Over the Akaya Forest in Summer," a linocut illustration created by artist and picture-book author Narisa Togo. To spread awareness of this marvelous event – the successful raising and fledging of Japanese Golden Eagle chick – The Nature Conservation Society of Japan (NACS-J) has been using Ms. Togo's work in the PR activities for its Japanese Golden Eagle conservation efforts in the Akaya Forest.

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Artist: Narisa Togo

After graduating from the Department of Ecoregion Science at Tokyo University of Agriculture and Technology, Narisa Togo studied the Children's Book Illustration course at the Cambridge School of Art in the U.K. She is a Member of the Japan Wildlife Art Society (JAWLAS). In 2015, her picture book *Heron, the Fisher (Little Children's Science Companion November issue)* was published by Fukuinkan Shoten Publishers. Ms. Togo contributes a regular illustrated column to BIRDER, a Japanese bird-watching magazine.



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