

# 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.

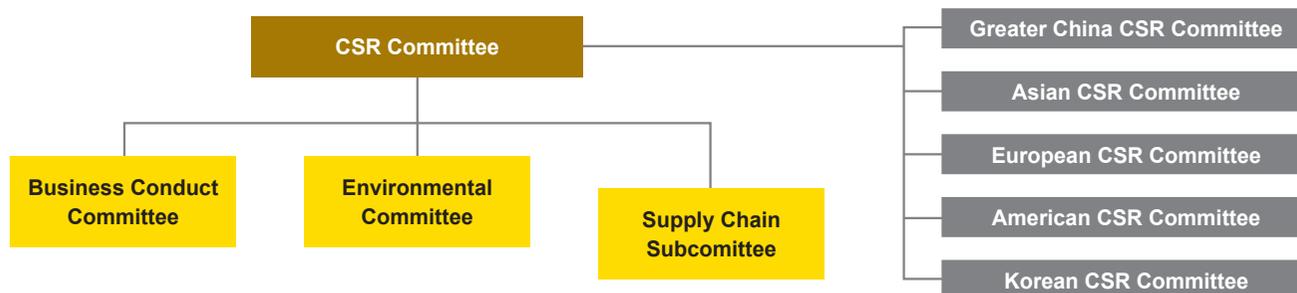
\* Greater China refers to China, Hong Kong and Taiwan. The Asia Region refers to countries in Asia excluding Greater China and Korea, Oceania, and the Middle East.

## 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.

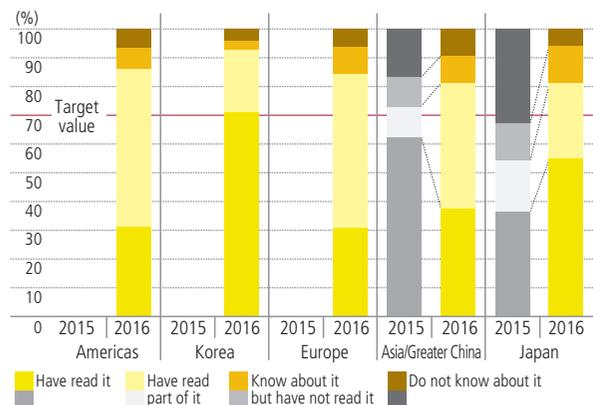
### CSR Promotion Organization (As of April 1, 2017)



CSR Newsletter

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**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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## 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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## 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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### 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.

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## 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

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## 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.
 Morningstar Socially Responsible Investment Index (MS-SRI)	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.
 ECPI Ethical Index Global	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.