

Nikon Corporation Slavery and Human Trafficking Statement for the fiscal year ended March 2017

This statement is made pursuant to the United Kingdom Modern Slavery Act of 2015. We (“Nikon”) endeavour to ensure that there are no human rights violations through our own business operations or our supply chains. We hereby provide this disclosure statement regarding our activities to prevent and tackle modern slavery and human trafficking.

a. Overview of the company, business and supply chain

Nikon has been engaged in various businesses based on its proprietary opto-electronics and precision technologies developed since its establishment in 1917, including its Imaging Products Business (handling digital cameras and interchangeable lenses), Precision Equipment Business (FPD lithography systems and semiconductor lithography systems) and Healthcare Business (microscope and retinal diagnostic imaging equipment). Nikon manufactures and sells such equipment and apparatuses. Details of our company and business information can be found on the “Corporate Information” page of our website.

Almost all of our products sold in the U.K. market are through our group companies. However, some of our products are sold directly from Nikon to the U.K. market.

Nikon’s product parts and a small portion of the final products are supplied from external procurement partners in and outside of Japan. There are approximately 1,700 procurement partners as of the end of March 2017. More than ninety percent (calculated by the number of companies in which country their headquarters are located) of the procurement partners are based in Japan, China and Thailand.

b. Policies related to modern slavery and human trafficking

We have established the “Nikon Corporate Social Responsibility (CSR) Charter” which addresses our group’s basic stance on our social responsibility, including ‘Respect for human beings’ and ‘Socially responsible behaviour within the supply chain’. We demonstrate our stance to respect human rights in our business as well as in our supply chain.

To enable every single employee to apply this Charter in their daily activities, in the Nikon Code of Conduct we outline the standards of how we act ethically, with integrity and in compliance with relevant laws and regulations. In the Code, we state that we do not tolerate forced or child labour, and we require our procurement partners to comply with our standards.

As for our supply chain, in August 2015 we published the “Nikon CSR Procurement Standards”, which is our guideline to promote Nikon’s stance on CSR throughout our supply chain, and we require our procurement partners to comply with it. The Standards are based on the EICC (Electronics Industry Citizenship Coalition) Code of Conduct, which is the global standard for the electronics industry and articulates the prohibition of “forced, bonded (including debt bondage) or indentured labour, involuntary prison labour, slavery or trafficking of persons”. For the fiscal year ended March 2017 (“Year”), we updated the Nikon CSR Procurement Standards in accordance with the revision of the EICC Code of Conduct, which articulates that workers shall not be required to pay employers’ or agents’ recruitment fees or other related fees for their employment.

In response to issues related to conflict minerals in the Democratic Republic of Congo and its neighbouring countries, we established a policy of not using conflict minerals mined or intermediated by armed forces violating human rights in the area, which addresses our stance to endeavour not to engage in human rights violations including modern slavery and human trafficking.

We also support the 10 principles of the United Nations Global Compact.

c. Due diligence process related to modern slavery and human trafficking

d. Risk assessment and risk management related to modern slavery and human trafficking

e. Measurement by appropriate indicators and effectiveness of steps to endeavour to ensure that slavery and human trafficking is not taking place

In Nikon group companies, we conduct human rights & labour monitoring surveys annually to ensure child and forced labour practices are not occurring. For the Year, we added a new question to the survey of manufacturing companies in Asia (excluding Japan) to confirm whether or not they employ migrant workers. Through such survey, we endeavoured to capture the actual situation of migrant workers in our group, since migrant workers are generally said to be exposed to harsh labour in many work places in Asia.

For Nikon employees, we have hotline(s) by which they are able to report when they know of actual/potential cases that could violate the Nikon Code of Conduct. Our employees can use the hotline(s) anonymously. Nikon group companies also set the similar hotlines per company or per region.

We endeavour to assess risks including modern slavery and human trafficking in our supply chain by enforcing the Nikon CSR Procurement Standards with our procurement partners and by conducting periodic monitoring.

For the Year, we began to demand that our procurement partners submit a declaration letter to confirm they comply with the Nikon CSR Procurement Standards.

We also conducted a self-assessment survey among 214 major procurement partners to check compliance with the Nikon CSR Procurement Standards. Such partners include procurement partners of our European group companies which we added to the survey targets in the Year. We selected such targets based on risk assessment criteria such as location, business type, annual transaction volume, length of business partnership and type of contract. After compiling all the response data, the responses from those partners were weighed for questions related to human rights and life and we created risk profiles. From the above mentioned risk assessment results, we identified three potentially high risk companies and after advanced notice we conducted on-site audits of these companies using third party auditors for the Year. These three companies are located in China and Thailand, and are not the same companies for which we conducted on-site audits during the previous fiscal year. The results of the audits identified some concerns, mainly in the area of labour and ethics, and we requested rectification. We identified ten other companies as relatively high risk, and while we did not elect to conduct audits we instructed them by letters to make improvements in the areas where the Nikon CSR Procurement Standards were not satisfied. We demanded that all 13 companies submit action plans for our approval, and they are taking actions in accordance with such plans.

Thirteen companies to which we requested rectification by on-site audits or letters during the fiscal year ended March 2016 reported to us that they completed rectification of the concerns

within the Year.

Nikon will continue disclosing the number of companies for which we conduct self-assessment survey or on-site audits to check compliance with the Nikon CSR Procurement Standards, as indicators to measure progress.

In light of conflict mineral issues, we endeavour to prevent human rights violations such as modern slavery and human trafficking from occurring by ensuring that conflict minerals are not used in our products following our Policy on Conflict Minerals and by conducting investigations of our product components.

f. Training and Capacity building related to modern slavery and human trafficking

When we explained the contents of the Nikon CSR Procurement Standards to employees of our procurement unit and external procurement partners, we explained international trends related to human rights issues in supply chains, such as the United Kingdom Modern Slavery Act, and actual cases of modern slavery in order to facilitate their understanding of the CSR procurement activities. In the Year, we held explanatory sessions on the Nikon CSR Procurement Standards, such as a supply chain study group whose members are chiefs of quality/procurement units of each operating division, and briefing sessions conducted in Japan, China and Thailand for procurement partners as well as our employees who are responsible for procurement units. For the Year, we also newly provided explanatory sessions on the Nikon CSR Procurement Standards to employees who are responsible for the CSR/procurement units in the European region. In total, approximately 140 employees and 690 procurement partners attended these sessions.

This Statement was reviewed and approved by the Nikon's Board of Directors on 1 September 2017.

15 September, 2017



Kazuo Ushida
President and Representative Director/Executive Officer
Nikon Corporation