

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

Compliance Promotion System

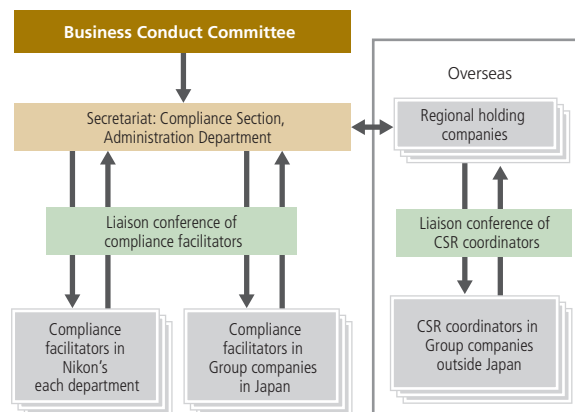
The Business Conduct Committee, chaired by the Senior Executive Vice President of Nikon, has been established, and performs the functions of deliberation and decision-making concerning important issues for the promotion of compliance. The Compliance Section of Nikon’s Administration Department, the secretariat 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)

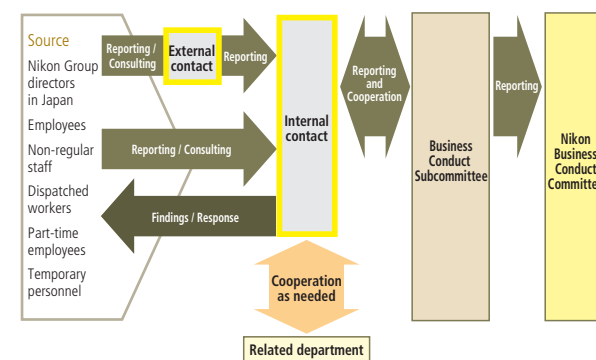
In relation to the Nikon Code of Conduct, the Nikon Group has established a Code of Conduct Hotline as a central system for employees of the Nikon Group in Japan (including non-consolidated Group companies). The Hotline has been set up with an internal point of contact, and an external point of contact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

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.