



NIKON CORPORATION

RESPONSIBLE MINERALS SOURCING REPORT 2022

Results of 2021 Survey

Responding to the Issues of Responsible Minerals Sourcing

Due to the global trend towards realizing decarbonization, there is a rapidly increasing demand for the facilities and equipment needed for energy conversion. Amid concerns about destabilization of the supply and demand of the mineral resources used as raw materials, now serious geopolitical risks have also been posed. Under these circumstances, as we go about securing our supply chain for mineral resources, it has become even more important to consider the environment and human rights and reconsider our consumption of exhaustible resources. Since 2011, with its established Policy on Conflict Minerals declaring that we never use 3TG (tantalum, tin, tungsten and gold) mined or intermediated by armed groups in the Democratic Republic of the Congo and its neighboring countries, the Nikon Group has conducted country-of-origin surveys and due diligence every year and disclosed the results. In 2020, in response to the concept behind the EU Conflict Minerals Regulation, which does not place limitations on the target risks, minerals, or regions, we changed the name of this report to the Responsible Minerals Sourcing Policy and began more comprehensive efforts to source minerals responsibly. In 2021, we started the survey earlier than in previous years, and also promoted measures for improving work efficiency to enable more detailed and speedy due diligence while allowing sufficient time to check and mitigate risks after completion of the survey. In the autumn of 2021, we also conducted a survey on cobalt for some products using the newly adopted Extended Minerals Reporting Template (EMRT).

Design of Response to Responsible Minerals Sourcing

The Nikon Group's response to responsible minerals sourcing has been designed based on the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, Third Edition^{*1}. This guidance helps companies respect human rights and avoid minerals sourcing attributed to conflict as an optimal guidebook for responsible minerals sourcing. The Nikon Group's Responsible Minerals Sourcing (Conflict Minerals) Report is structured based on a five-step framework for due diligence according to risk in the mineral supply chain defined in Annex I of this guidance. Note also that because the Nikon Group is downstream in the supply chain and does not directly purchase minerals from smelters, the results in this report are based on information provided by our primary procurement partners that can be believed to be true.

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

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

Implementation of Due Diligence



1. Establish strong company management systems

Strengthening Supply Chain Management

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

CSR Procurement Standards

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

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

Nikon Group CSR Procurement Standards

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



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- In November 2021, we explained the content of these standards, along with the background to their creation, and requested compliance from employees involved in procurement as well as procurement partners themselves both in and out of Japan.
- We requested relevant important procurement partners.
- to conclude the Nikon Group CSR Procurement Standards Agreement in order for them to further pursue compliance with these standards.
- Based on the criteria established by the RBA for high risk companies, we set a 65% or more rate of compliance with the CSR Procurement Standards into the new procurement partner selection process and started selection on this basis in April 2019. In the fiscal year ended in March 2021, we revised the master transaction agreement to include the CSR Procurement Standards Agreement.
- According to the results of the CSR surveys which were conducted for approximately 200 critical procurement partners accounting for about 80% of our transaction volume in the fiscal year ended March 2021, 26 companies who had not achieved a CSR Procurement Standards compliance rate of 65% completed corrective actions.

Responsible Minerals Sourcing Policy

In 2020, the Nikon Group revised its Policy on Conflict Minerals, which was formulated in 2011, to the Responsible Minerals Sourcing Policy. The Policy on Conflict Minerals declared that, based on Section 1502 of the Dodd-Frank Wall Street Reform & Consumer Protection Act, we never use conflict minerals (3TG: tantalum, tin, tungsten, and gold) mined or intermediated by armed groups in the Democratic Republic of the Congo and its neighboring countries. However, conflict affected and high-risk areas are not limited to the Democratic Republic of the Congo and its neighboring countries, and minerals that bring the risk of human rights violations, environmental destruction, conflict, and social injustice are not limited to 3TG (tantalum, tin, tungsten, and gold). Prior to the coming into force from January 2021 of the EU's Conflict Minerals Regulation, which calls for expanded recognition of these risks, the Nikon Group expanded the scope of due diligence in line with the OECD Due Diligence Guidance for conflict affected and high-risk areas around the world for minerals other than 3TG, such as cobalt for which the problem of child labor is serious, changed our policy to the one for responsibly sourcing minerals, and requested



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the approval and support of our procurement partners once again. This policy can be viewed on the Nikon Group's website.

Responsible Minerals Sourcing Policy

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

In addition, we are aiming to realize responsible minerals sourcing effectively in the Nikon Group. For this purpose, we have requested procurement partners to conclude a memorandum of understanding on the master transaction agreement, which calls for the elimination of minerals sourcing encouraging human rights violations, the formulation of a responsible minerals sourcing policy that is in line with the OECD Due Diligence Guidance, and cooperation on due diligence matters identified in survey results. Furthermore, we have indicated a clear policy of continuously doing business with procurement partners who agree on the Nikon Group's Responsible Minerals Sourcing Policy and pledge to cooperate with our surveys.

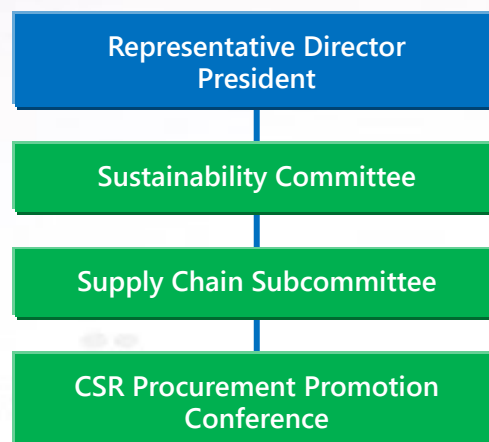
Internal promotion system

Based on our Policy on Conflict Minerals, in January 2013 we formed a cross-departmental project team led by a company director. Since 2014, we have also maintained a Supply Chain Subcommittee to deliberate concerns involving the whole supply chain and decide actions from a cross-organizational standpoint. Decision-making and approval authority rests with this Subcommittee, which is chaired by the executive in charge of the procurement department and includes department managers or higher in related departments as its members. Subcommittee meetings were held twice in 2021. For significant matters, after deliberation is complete and a decision has been made, approval is granted by the Sustainability Committee (renamed from the CSR Committee) that includes the Directors. Additionally, in order to advance deliberation and decision-making on matters covered by the Supply Chain Subcommittee, a CSR Procurement Promotion Conference of section managers etc. from related departments was formed under the Supply Chain Subcommittee. This Conference will act as a task force promoting all aspects of CSR procurement, including responsible minerals sourcing.



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Responsible Minerals Sourcing Promotion System



Clarification and Documentation of Roles, Responsibilities, and Operations

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

Establishment of Responsible Minerals Sourcing Hotline

The Nikon Group has established a Responsible Minerals Sourcing Hotline to which all stakeholders can report any acts contrary to or concerns about the Nikon Group's Responsible Minerals Sourcing Policy. We properly investigate the information obtained through the Hotline, and take corrective actions as necessary so that we can appropriately respond to our minerals sourcing related risks in our supply chain. We have also established a web page for inquiries about procurement, enabling stakeholders to make inquiries about any aspect of CSR procurement.



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Responsible Minerals Sourcing Hotline

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

Inquiries (Procurement, CSR procurement, Green procurement)

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



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2. Identify and assess risks in the supply chain

Almost all Nikon Group products have electronic components and circuits, which probably contain tantalum, tin, tungsten, or gold. With Section 1502 of the Dodd–Frank Wall Street Reform and Consumer Protection Act (Dodd–Frank Act) in mind, we started with surveys of our main business units who manufacture products shipped to the U.S. (typical examples: cameras and interchangeable lenses, and semiconductor lithography equipment) in 2011 and then expanded the number of business units targeted for the surveys year by year. In order to prepare a survey system for all products shipped to the EU by the time its Conflict Minerals Regulation came into force in 2021, in 2020 we conducted a survey in all business units that use tantalum, tin, tungsten, or gold to reduce unsurveyed risks. In 2021, we started the survey four months earlier than in previous years so that we could spend more time on risk identification and evaluation, and risk reduction after collecting survey responses.

Awareness of Survey Policy and Methods

In November 2021, we held explanatory sessions for 969 companies (1,537 participants), not only large corporations but also small- to medium-sized procurement partners in and out of Japan. As a measure for preventing the spread of Covid-19, explanatory sessions were held online and attracted more participants from outside Japan than before. In the sessions, we explained the background and significance of revising the Policy on Conflict Minerals to the Responsible Minerals Sourcing Policy, asked the participants for their cooperation with the responsible minerals sourcing (conflict minerals) survey on 3TG conducted annually since 2011 and further surveys on cobalt and other minerals, and expressed our intention to continuously do business with procurement partners who have pledged cooperation with the policies. Furthermore, we also explained the necessity of reducing the risk of RMAP non-conformant smelters, especially when a mine is located in a conflict affected or high-risk area, and particularly emphasized that no response or non-disclosure represents the greatest risk.



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Reasonable Country of Origin Surveys

Survey outline

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

- In order to conduct the survey efficiently and ensure reliability of the responses, since 2017 the survey has been conducted using the RMI template on the supply chain transparency system. This system supports the RMI template with the new data format released by the RMI^{*3} in April 2021 which supports the EU regulation.
- In order to facilitate prompt responses from our procurement partners, we comprehensively revised the manual for the supply chain transparency system to make it easier to understand and notified them about it.
- Regarding the smelter information described in the RMI templates (CMRT: Conflict Minerals Reporting Template) received from our procurement partners, we collated it with the RMI reference smelter list^{*4}, the RMAP conformant smelter list^{*5}, and the active smelter list released by the RMI, and then conducted due diligence on smelters that required outreach by checking the detailed statuses of the smelters in the Facility Database provided by the RMI to member companies and confirming the latest information of the RMI through JEITA's Washington office.
- Regarding RMAP non-conformant smelters, we checked whether the locations of the mines were in the Democratic Republic of the Congo and its neighboring countries or listed in the EU's Conflict Affected and High-Risk Areas (CAHRAs^{*6}) list (<https://www.CAHRAslist.net/>).

■ Cobalt etc.

- In 2017, we began confirming the usage status of cobalt contained in products and started surveys on the products requested by customers.
- To improve the efficiency of surveys and ensure the reliability of responses, we held discussions with the system developer about adding forms for cobalt, mica, etc. to the supply chain transparency system and proceeded with preparations.



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- As with 3TG, we requested our procurement partners to perform due diligence for them.
- We conducted a survey on some products in August 2021 using the Cobalt Reporting Template (CRT) and in November 2021 using the Extended Minerals Reporting Template (EMRT) newly adopted in October 2021. We then created a tool to tabulate the collected CRT and EMRT responses together and conducted a risk check.

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

^{*4} A list of smelters identified by the RMI, called "3TG Smelter Reference List" on the RMI website.

^{*5} A list of smelters which are conformant with the Responsible Minerals Assurance Process (RMAP), auditing program for smelters/refineries introduced by the RMI.

^{*6} Abbreviation of Conflict Affected High Risk Area. CAHRAs refer to conflict areas and high risk areas (areas where there is political unrest or the domestic infrastructure has collapsed). In these areas, there are widespread violations of human rights and domestic and international laws.

Survey results

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

- We conducted a survey of 909 primary procurement partners through all business units that use tantalum, tin, tungsten, and gold.
- The number of procurement partners surveyed increased year-on-year due to the addition of procurement partners from companies acquired through M&A.
- Business units sent out approximately 1,400 RMI templates to departments targeted for surveying at our procurement partners

The response rate, which had been flat at 86% since 2017, increased to 92% in 2020, but then decreased to 79% in 2021. This is because the survey system of one of the companies acquired through M&A has yet to be established. Excluding this subsidiary, the response rate was 95%.

- The automatic error checking function of the supply chain transparency system enabled collection of



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responses with no omissions and no errors, improving both efficiency and the reliability of responses.

- The robotic process automation (RPA) allowed us to improve the efficiency of the time-consuming work such as entering survey results into the database, issuing survey requests, and sending follow-up emails. It is now possible to send lists of items for surveys and convey complex information to each procurement partner separately.
- Smelter identification numbers provided on responses were crosschecked against the RMI's RMI reference smelter list (Standard Smelter list), RMAP conformant smelter list (All Conformant list), and smelters undergoing auditing list (Active list) to determine whether the smelters are RMI reference smelters, RMAP conformant smelters, or currently being audited. For RMAP non-conformant smelters, a check was performed to determine whether the locations of the mines were in the Democratic Republic of the Congo and its neighboring countries or listed in the EU's Conflict Affected and High-Risk Areas (CAHRAs) list (<https://www.CAHRAslist.net/>). These check tasks were automated using RPA so that they can be performed efficiently. In addition, due diligence on smelters that required outreach was conducted by checking the detailed statuses of the smelters in the Facility Database provided by the RMI to member companies and confirming the latest information of the RMI through JEITA's Washington office.

■ Cobalt etc.

- The cobalt survey was conducted for 10 companies using the Cobalt Reporting Template (CRT) and the response rate was 100%. For 23 companies, the cobalt survey was conducted using the Extended Minerals Reporting Template (EMRT) newly adopted in the autumn of 2021 and the response rate was 78%, giving an overall response rate of 85% from a total of 33 companies. Then, using RPA we created a tool to tabulate the collected CRT and EMRT responses and a similar tool to that used for 3TG to check risks. Since supply chain transparency systems with an automatic error check function do not support the CRT and EMRT and there is currently no tool that procurement partners can use to tabulate CRT and EMRT responses, the scope of the survey was limited. The EMRT is a reporting template for cobalt and mica surveys, but since mica surveys in the electrical and electronics industry have not progressed as much as cobalt surveys, we decided to limit the survey to cobalt as we considered that it would be difficult to collect survey responses if we targeted mica as well. We allowed



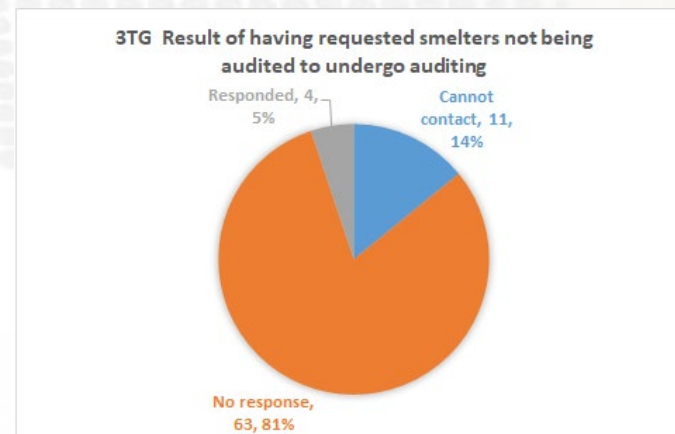
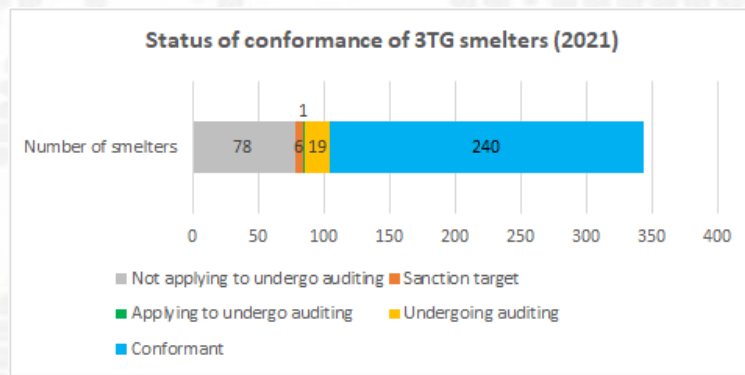
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responses regarding mica if surveys had been conducted, but received no responses regarding mica.

Risk Assessment

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

Based on the survey results, we found 344 RMI reference smelters, of which 240 were RMAP conformant smelters, for an RMAP conformant rate of 70%. Of 104 RMAP non-conformant smelters, 19 companies were undergoing auditing and 85 companies were not undergoing auditing. Of the 85 companies not undergoing auditing, the London Bullion Market Association (LBMA) had revoked conformance of 6 companies due to economic sanctions on Russia, and the RMI, which cross-recognizes with the LBMA, had also revoked RMAP conformance of those smelters. One company was applying to undergo auditing and 78 companies were not applying to undergo auditing.



Outreach from the companies is required for smelters that are not undergoing auditing or have not applied to undergo auditing that the RMI is not in communication with (often rejected by the smelters). Therefore, we sent letters to the 78 smelter companies used by Nikon's procurement partners that are not undergoing auditing or have not applied to undergo auditing to request that they participate in the RMAP and undergo auditing.



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Consequently 11 companies had invalid email addresses and no other valid email addresses were available so contact was not possible, 63 companies had valid email addresses but did not reply, and the status of the 4 smelter companies that replied were as described below.

1. Sent documents for applying to undergo auditing, but they did not reach the RMI. Nikon requested they be resent. The documents were received by the RMI and are being examined.
2. Waiting for the auditing schedule to be set, but because an affiliated company was subject to OFAC regulations and there is a possibility the company will be disqualified from RMAP auditing, the RMI is checking. The respective smelter had not been targeted by OFAC regulations at the time this report was created.
3. Had quit the smelting industry and became a jewelry manufacturer. All 3TG procurement partners are RMAP conformant smelters. The RMI is checking the authenticity.
4. Planning to undergo auditing by the Responsible Jewellery Council (RJC) and have no intention of undergoing RMAP auditing. If the smelter is RJC conformant, it will also be RMAP conformant through cross-recognition, but according to the RMI the smelter has not yet undergone auditing by the RJC.

The locations of the mines of 104 RMAP non-conformant smelters are as follows:

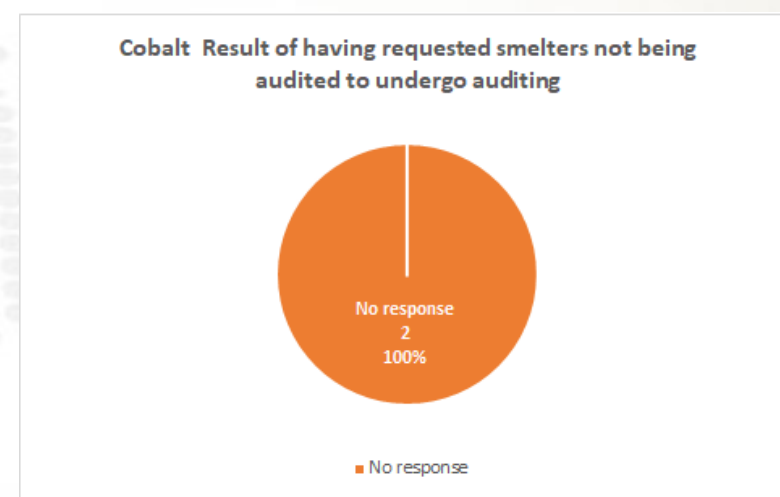
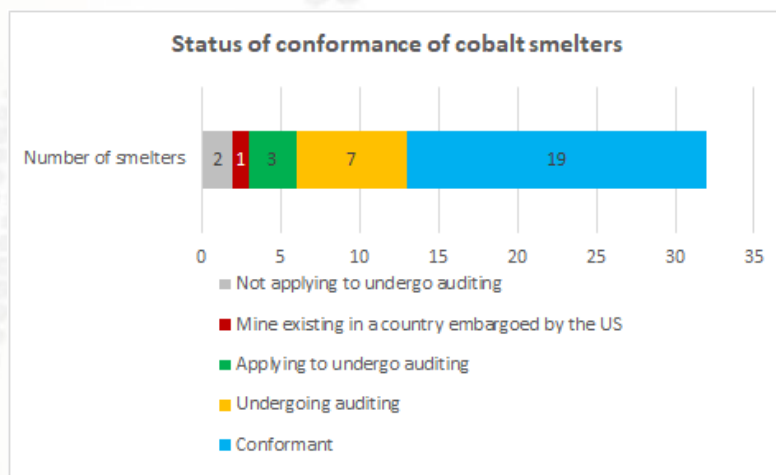
1. Mine location left blank: 7 companies
2. Mine location undisclosed: 0 companies, Unknown: 0 companies
3. Mine location is in the Democratic Republic of the Congo and its neighboring countries: 34 companies
(Democratic Republic of the Congo, Angola, Burundi, Central African Republic, Rwanda, Uganda)
4. Mine location may be on the EU's Conflict Affected and High-Risk Areas (CAHRAs) list: 42 companies
(Democratic Republic of the Congo, Burkina Faso, Burundi, Central African Republic, Colombia, Egypt, Eritrea, Ethiopia, India, Mali, Mexico, Mozambique, Myanmar, Niger, Nigeria, Philippines, Sudan, Turkey, Zimbabwe)
5. RMAP non-conformant smelters with mine location not in the Democratic Republic of the Congo and its neighboring countries or conflict affected and high-risk areas: 19 companies
6. Recycling or scrap: 2 companies



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■ Cobalt etc.

The number of RMI reference smelters were 32 companies, of which 19 were RMAP conformant smelters, giving a conformance rate of 59%. Of the 13 RMAP non-conformant smelters, 7 were undergoing RMAP auditing and 6 were not undergoing auditing. Of the 6 companies not undergoing auditing, 3 companies were applying to undergo auditing and 3 companies were not applying to undergo auditing. One of the smelters was found to be unable to undergo RMAP auditing because it uses minerals from Cuba for which the United States had prohibited trading. Therefore, we sent a request to the 2 companies that had not applied to undergo auditing to participate in the RMAP (request to undergo RMAP auditing). Unfortunately, however, we did not receive any responses.



Regarding the locations of the mines of the RMAP non-conformant smelters, the information on the RMI's Facility Database revealed that one company used the above-mentioned minerals from Cuba, but the locations of the mines used by the remaining 12 companies were left blank on the survey templates and we were unable to obtain any information even after contacting the procurement partners again. We conducted due diligence based on these results.



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List of RMAP Conformant Smelters Identified by the Nikon Responsible Minerals Sourcing Survey 2022
(2021 Survey) (as of 31 March, 2022)

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



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

Response to risks identified in the 2021 survey

The following identified risks were addressed based on their priority. And, the strategies decided were reported to the Sustainability Committee.

1. Reminders and requests for responses to companies yet to respond

We contacted 39 procurement partners who did not respond by the deadline by email and phone multiple times to remind them to respond as early as possible.

2. Request to disclose undisclosed smelters

We requested the respective smelters to disclose the smelter names through our procurement partners who are the customers of the smelters, but because we received no response, we provided the contact information of the person in charge of the relevant area at the RMI and details on how to request RMAP materials. We also asked our procurement partners to consider changing the smelters they use if the smelters will not participate in the RMAP.

3. Smelters with old smelter IDs

We requested procurement partners to stop providing responses using an old survey template and instead to conduct surveys using the latest survey template.

4. RMAP non-conformant smelters with mine location left blank: 3TG: 7 companies, cobalt: 12 companies

We sent letters to request that they undergo RMAP auditing.

One 3TG company responded that it had sent the documents for applying to undergo RMAP auditing to the RMI, so we asked the locations of the mines but did not receive a response on it. We also checked with the RMI via JEITA but they are still checking. We also asked the locations of the mines used by the smelter that responded it is scheduled to undergo RJC auditing in June even though the RMAP auditing date is not



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yet fixed due to the Covid-19 pandemic, but did not receive a response. We contacted the RMI for the RMAP auditing schedule for this smelter and learned the RMI discovered upon starting to audit this smelter that an affiliated company was subject to OFAC regulations in March 2022, and it seemed that the RMI was still checking whether it would be possible to conduct an RMAP audit.

5. RMAP non-conformant smelters with mine location in the DRC or neighboring country: 3TG: 34 companies, cobalt: 0 companies

We sent letters to request that they undergo RMAP auditing, but have not yet received any responses.

6. RMAP non-conformant smelters with mine location potentially listed on the EU's Conflict Affected and High-Risk Areas (CAHRAs) list: 3TG: 42 companies, cobalt: 0 companies

We sent letters to request that they undergo RMAP auditing. One company took action and is now undergoing RMAP auditing. One company responded that it was scheduled to be audited by the RJC, but it has not been audited yet. One company responded that it had quit the smelting industry and became a jewelry maker, and only sourced from two companies on the LBMA's Good Delivery List. We provided that information to the RMI who is checking it. We have not yet received any responses from the other 39 companies.

7. RMAP non-conformant smelters with mine location not in the DRC or neighboring country and not listed on the CAHRAs list: 3TG: 19 companies, cobalt: 0 companies

We sent letters to request that they undergo RMAP auditing but have not yet received any responses.

8. Smelters subject to OFAC regulations or not eligible for RMAP auditing because the mine used is in a country embargoed by the United States: 3TG: 1 company, cobalt: 1 company

We sent letters to our procurement partners to request they consider changing smelters.

9. Recycling or scrap: 3TG: 2 companies (69 companies), cobalt: 0 companies

We have received no mine location information for the two 3TG companies but obtained only information



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that they are using recycled or scraped minerals. Of the 95 companies sourcing newly mined minerals (3TG) from the mines in 5. to 7. above, 69 companies or 73% also use recycled or scraped minerals. We do not know which is used in our products.

10. Check on the existence of a procurement partner policy and program for performing due diligence

We made written requests to make improvements to 26 procurement partners.

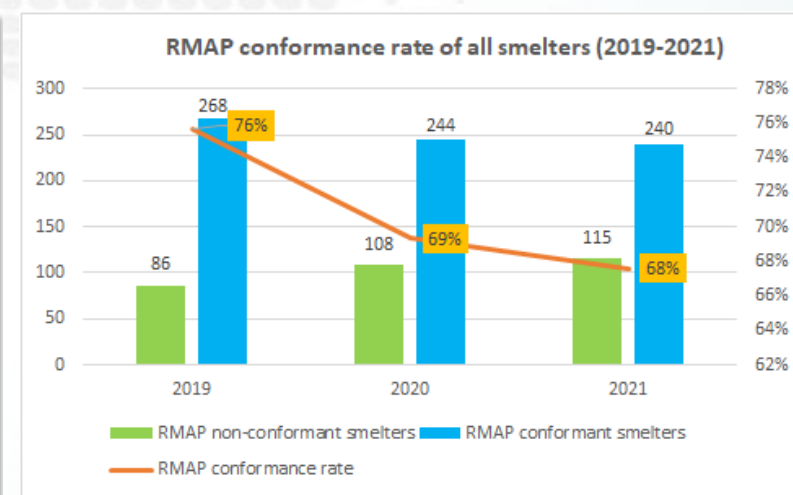
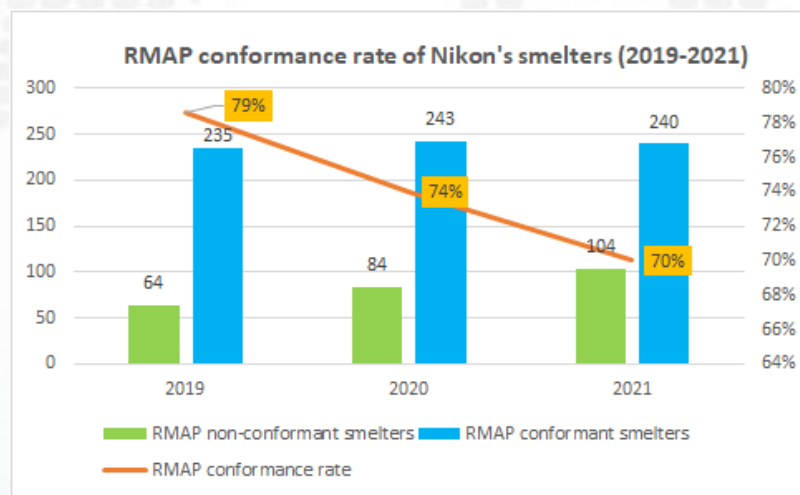
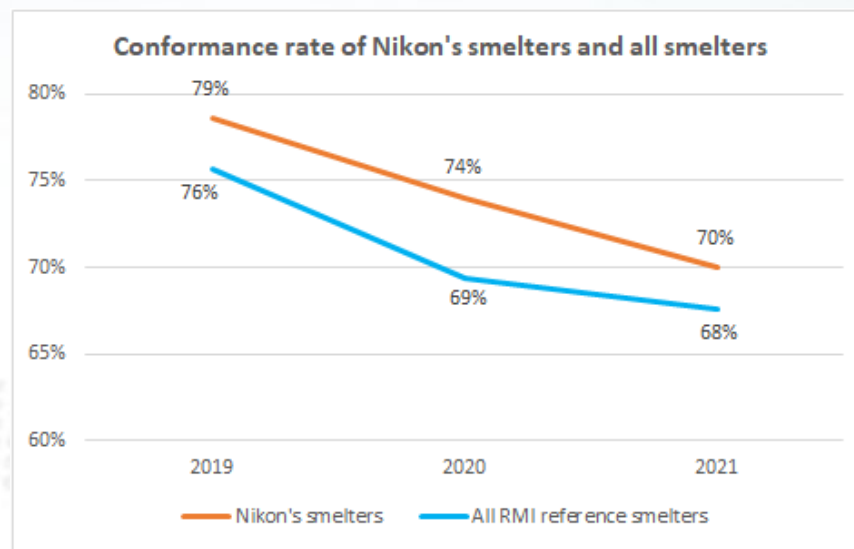
Regarding the RMAP non-conformant smelters that were identified in the company's supply chain, we are going to obtain information not only through the described procurement partners, but also through direct contact to the relevant companies or in collaboration with other companies, industry bodies (JEITA, RMI, etc.), NGOs, etc. and ask them to undergo a third-party audit by the RMAP, while collecting even more highly accurate smelter information in cooperation with procurement partners in the future as well.

Results of Due Diligence

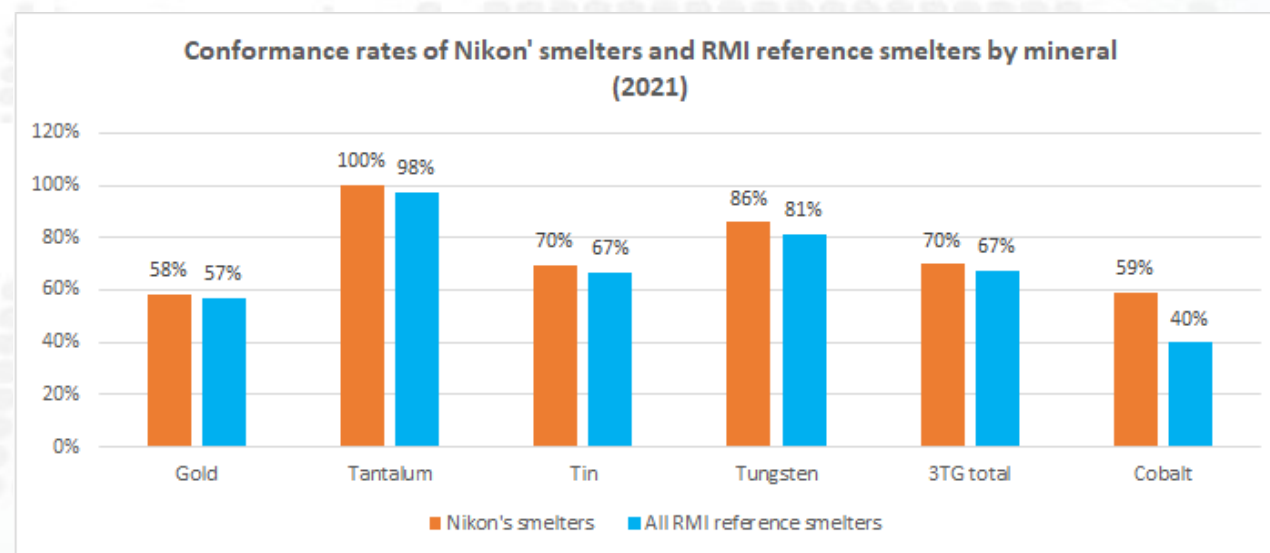
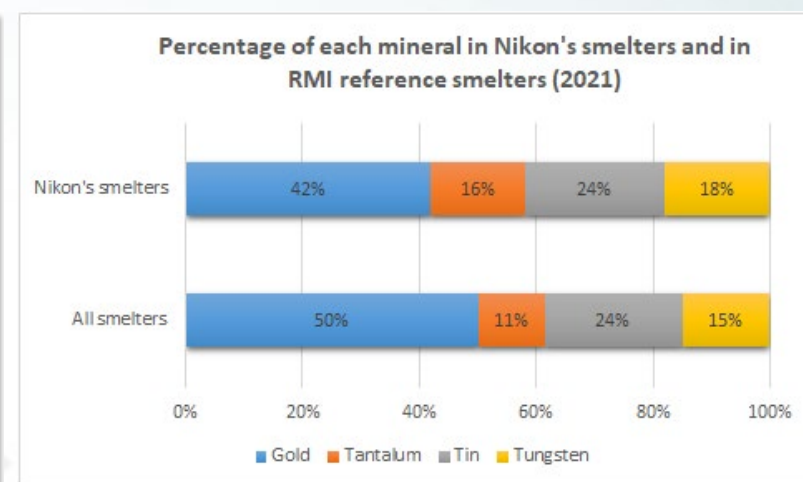
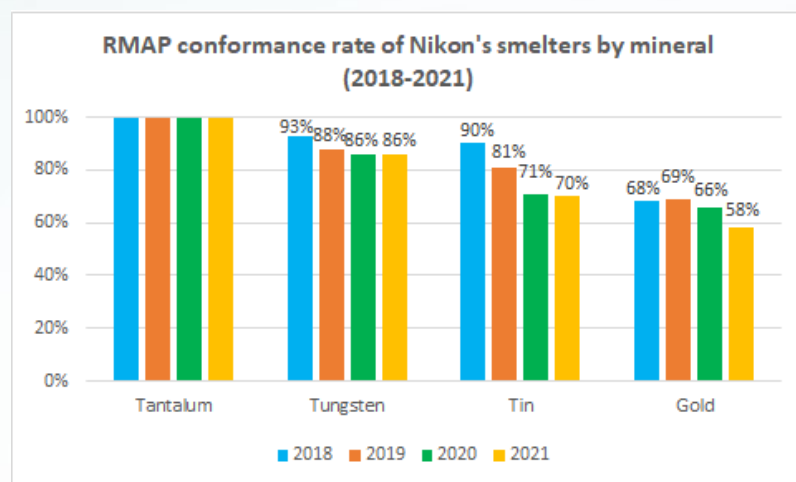
The change in percentage of RMAP conformant smelters to RMI reference smelters is as follows: 71% in 2016, 65% in 2017, 81% in 2018, 79% in 2019, 74% in 2020, and 70% in 2021. The number of RMI reference smelters is increasing year by year, but the RMAP conformance rate is decreasing every year because the number of RMAP conformant smelters has not increased. The downward trend from 2019 to 2020 is linked to the overall number of RMI reference smelters. The RMAP conformance rate of smelters in Nikon's supply chain is slightly higher because of a slightly higher percentage of tantalum smelters with a higher conformance rate and a slightly lower percentage of gold smelters with a lower conformance rate. By mineral, from 2020 to 2021 tin decreased from 71% to 70%, tungsten remained the same level at 86%, and gold decreased from 66% to 58%. Tantalum was 100% for the fourth consecutive year. Furthermore, the RMAP conformance rate in the glass business was 100%, the same as last year.



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Conclusion

In the 2021 surveys, we investigated whether 3TG (tantalum, tin, tungsten, and gold) and cobalt contained in products could be a source of the risk of human rights violations, environmental destruction, conflict, or social injustice not only in the Democratic Republic of the Congo and its neighboring countries but also in the areas on the Conflict Affected and High-Risk Areas (CAHRAs) list published by the EU. Regarding 3TG (tantalum, tin, tungsten, and gold), there were cases of responses not being received, smelter entry fields left blank, undisclosed entries, smelters not listed in the RMI reference smelter list, etc., so it cannot be said that procurement partners provided sufficient information. Therefore, within the scope of the 2021 surveys we could not conclude that the target minerals contained in the surveyed products were not a source of such risks, either directly or indirectly.

Future measures to reduce risks

- Regarding unreceived responses, we will work on encouraging procurement partners to submit responses.
- At one of the companies acquired through M&A where it is known that the RMI template collection rate requires improvement, we will work on improving the collection rate by establishing a survey system. The information received from procurement partners included many cases of smelter entry fields left blank, undisclosed entries, and non-RMI reference smelters, so we will promote further visualization of information by encouraging procurement partners to disclose information.
- For RMAP non-conformant smelters, we will continue to encourage them to undergo RMAP auditing by supporting individual companies, the activities of JEITA, and the RMI.
- We will confirm with our procurement partners on a case-by-case basis what actions and by when they will take regarding smelters that are unlikely to undergo RMAP auditing. Actions include requesting the smelter to become RMAP conformant, changing to a smelter that is RMAP conformant, and changing to alternative minerals including reusing and recycling.
- We will improve the efficiency of surveys by excluding procurement partners who do not use the target minerals, and focus more on due diligence, the addition of target minerals, and visualization of the supply chain.



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- We intend to gradually increase the number of business units targeted for the cobalt survey every year. In 2021 we conducted a cobalt survey on some products of the Digital Solutions Business Unit and the Industrial Metrology Business Unit. In addition to those business units, the cobalt survey will be conducted on batteries and other components used in Imaging Business Unit products in 2022 (3 business units in total). In 2023 onward we plan to add new business units targeted for the cobalt survey as follows: Healthcare Business Unit and Glass Business Unit in 2023 (5 in total), Semiconductor Lithography Business Unit in 2024 (6 in total), FPD Lithography Business Unit and Customized Products Business Unit in 2025 (8 in total). We will manage these plan and results as a KPI.
- We will implement measures to improve the efficiency of Extended Minerals Reporting Template (EMRT) collection work. It is necessary to limit the scope of the 2022 survey because systematization compatible with the EMRT is not supported either within our company or in the industry, but we believe that for the 2023 survey the environment will enable us to expand the scope.
- By promoting the reuse and recycling of Nikon products, we will totally reduce the risk of newly mined minerals.
 - (1) Refurbishing and selling used lithography equipment and refurbishing projection lenses: In the Nikon Group, we have commercialized the service of taking back no-longer-used semiconductor lithography equipment manufactured by Nikon from customers and performing recycling, parts replacement, adjustment, and installation for new customers in Japan and other countries. We are also working on extending the service life of lithography equipment by refurbishing or replacing projection lenses that are no longer able to maintain basic exposure performance due to deterioration from long term use at customer sites using Nikon's latest technologies.
 - (2) Battery recycling: In the Japanese market, Nikon recycles the collected rechargeable batteries used in digital cameras and other products.
 - (3) In the Nikon Group, we are promoting efforts to fulfill our obligation to collect and recycle Nikon products including digital cameras. We perform assessments at the product design phase to promote easy-to-disassemble designs, a reduction in the types of raw materials used, and active utilization of recycled resources. To date, we have registered to participate in collection



STEP 3

organizations in more than 30 countries, and have established recycling systems in each country. Furthermore, as an initiative to promote the reuse of digital cameras collected from customers in Japan and other countries, we perform maintenance on them and sell them as refurbished products.

Nikon Sustainability Report 2021 “Priority issue 4: Promoting Resource Circulation”

https://www.nikon.com/about/sustainability/report/sr2021_10.pdf



STEP 3

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

The Nikon Group is tackling this issue in cooperation with industry organizations and others. In November 2012, we participated in the study group "Responsible Minerals Trade Working Group" established by the Japan Electronics and Information Technology Industries Association (JEITA) to collect more information, and we continue to engage in industry group activities. In 2018, as part of the activities of this organization, we exchanged views with OECD on the definition of CAHRAs as defined by EU Conflict Minerals Regulations and trends in minerals related to human rights other than 3TG, such as cobalt, with concerns of child labor and we also broadly exchanged views on human rights issues. In 2019, we participated in an activity conducted by 19 companies of the Responsible Minerals Trade Working Group to send letters in its joint names to smelters in 26 countries including China and Russia, urging them to undergo RMAP auditing for cobalt. In 2021, the Working Group sent a letter to a smelter from which many procurement companies source in common in order to urge it to undergo RMAP auditing, and we observed its auditing status and confirmed that the smelter successfully achieved RMAP conformance in 2022. From 2021 the Working Group adopted the idea that it would be more effective for each company to individually send letters to the smelters from which each company source minerals, and individual companies sent letters to their related smelters again in 2022. Even in or before 2021, however, Nikon had sent letters to all the related smelters used by Nikon's procurement partners, including companies to which letters were sent from the Working Group. We obtained detailed information on each smelter from the smelter database called Facility Database provided by the RMI to member companies and the JEITA Washington office that collaborates with the RMI, and performed effective and efficient due diligence. We requested the smelters that the RMI requires companies including Nikon to perform outreach towards to undergo RMAP auditing, and we feed back the results to the RMI through the JEITA Washington office as needed.



STEP 4

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



In 2018, the Nikon Group joined the Responsible Business Alliance (RBA), an industry association formed from companies in the electronics and electrical machinery industry in the U.S. and Europe. Through this, we aim to further promote issues relating to CSR in general including responsible minerals sourcing, and cooperate with member companies in progressing with activities toward resolving these issues.

Japan Electronics and Information Technology Industries Association | Responsible Minerals Trade Working Group

http://home.jeita.or.jp/mineral/eng/index_e.html

RMI

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



STEP 4

5. Report on supply chain due diligence

The contents of this report are available on our website.



STEP 5

Activities contributing to the DRC and its adjoining countries

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

Compliance with the UK Modern Slavery Act

Link to Nikon Corporation Slavery and Human Trafficking Statement

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