

## **Nikon Group Slavery and Human Trafficking Statement for the fiscal year ended March 2019**

This statement is made pursuant to the United Kingdom Modern Slavery Act of 2015. The Nikon Group, Nikon Corporation and its consolidated subsidiaries (“Nikon,” or “we”), endeavours 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 business fields, such as Imaging Products (digital cameras and interchangeable lenses), Precision Equipment (FPD lithography and Semiconductor lithography), Healthcare Equipment (microscope and retinal diagnostic imaging equipment), and other businesses, based on the opto-electronic and precision technologies that Nikon has developed since its establishment in 1917. Nikon manufactures and sells such equipment and apparatuses. Details of our company and business information can be found on the “Corporate Information” page of the Nikon Corporation’s website.

Our business activities in the UK consist of product manufacturing, sales and/or services by our group companies: Nikon U.K. Ltd., Optos Plc, Nikon Metrology UK Ltd. and Nikon X-Tek Systems Ltd.

Nikon’s product parts and a small portion of the final products are supplied from external procurement partners, in and outside of Japan. More than ninety percent (calculated by the transaction amount in the country in which their headquarters are located) of procurement partners are based in Japan, China and Thailand.

### **b. Policies related to modern slavery and human trafficking**

Nikon has the “Nikon Code of Conduct” (“Code”) in place where we set out our basic stance on social responsibility and the standard of conduct for individuals who work for Nikon. The Code includes the sections of “Respect for Human Rights” and “Social Responsibility in the Supply Chain,” where we clarify our stance against forced labour and child labour not only with respect to Nikon, but also our suppliers and business partners. Furthermore, we launched our “Nikon Human Rights Policy” (“Policy”) in April 2019 in order to further outline our approach to address human rights issues related to our business activities, based on the Code. In the Policy, we identify seven issues as particularly relevant to our business that we commit to addressing, including “Prohibition of Forced Labour and Child Labour” and “Working Hours and Wages.”

In May 2018, Nikon joined the worldwide CSR alliance “Responsible Business Alliance (RBA),” whose members include companies in the electronics, retail and auto industries. RBA’s code of conduct specifies responsibilities for member companies, such as to improve working environment in supply chains or to support the rights and wellbeing of employees. Nikon strives to comply with RBA’s code of conduct.

As for our supply chain, in August 2015 we published the “Nikon CSR Procurement Standards” (last revision: October 2018), 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 RBA’s code of conduct, which articulates the prohibition of “forced, bonded (including debt bondage) or indentured labour, involuntary prison labour, slavery or trafficking of persons.”

In response to issues related to conflict minerals in the Democratic Republic of Congo and its neighbouring countries, we established the “Policy on Conflict Minerals.” The policy prohibits using conflict minerals mined or intermediated by armed forces who violate human rights in the area. It also 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.

These group policies related to modern slavery and human trafficking are also applicable to our UK group companies listed above.

- 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 our Human Rights Policy, we identify seven human rights issues as particularly relevant issues to our business, including “Prohibition of Forced Labour and Child Labour,” “Occupational Health and Safety,” “Working Hours and Wages” and “Human Rights Issues in the Supply Chain.” We seek to continually improve our approach to address these issues.

Within Nikon, we conduct human rights and labour monitoring surveys annually to ensure child and forced labour practices are not occurring. For the fiscal year ended March 2019 (“Period”), at group companies, we conducted checks of whether we had employees of foreign nationality (including migrant workers or foreign technical trainees in Japan) under our employment as well as whether there had been practices that could heighten the risk of those workers being forced into unreasonable or illegal working conditions. At our manufacturing companies, we checked whether we had migrant workers (or foreign technical trainees in Japan) under our employment. Through these checks we did not identify any actions or situations that may be considered as high risk, such as withholding of employee passports or unlawful working hours, etc. In the Period, we added questions about wages to our monitoring survey, given it was identified as a topic relevant to our business – no related issues were identified.

In addition to the above, in order to comply with RBA’s code of conduct, we responded to RBA’s self-assessment questionnaires to check our risk level in manufacturing plants and group companies in Japan. We did not identify any issues of high risk. In the fiscal year ending March 2020, we will expand the scope of this survey to manufacturing group companies outside of Japan.

For Nikon employees, we have internal as well as regional or local external hotline(s) by which they are able to report when they become aware of an actual or potential violation of the Nikon Code of Conduct. Our employees can use the hotline(s) anonymously.

In our supply chain, we endeavour to assess modern slavery and human trafficking risks by requesting our procurement partners to comply with the Nikon CSR Procurement Standards and also by conducting periodical monitoring.

We request that our procurement partners submit a declaration letter to confirm they comply with the Nikon CSR Procurement Standards, and have collected 620 such letters by the end of the Period.

In order to check compliance with the Nikon CSR Procurement Standards, we have conducted self-assessment surveys for approximately 200 procurement partners per year since its launch. In the Period, 208 procurement partners were surveyed. Since the fiscal year ended March 2017, we have completed at least one survey for approximately 600 procurement partners, whose combined transaction amount accounts for 80% of our total procurement spend. In the Period, we set a new expectation that procurement partners should reach a minimum compliance level of 65% against articles defined in the Nikon CSR Procurement Standards. This compliance level takes into consideration the standard that RBA defines when evaluating whether a company is high risk or not. We will request all procurement partners to achieve this level as a minimum from Fiscal Year ending March 2020. Where a partner does not achieve this level, we will support them to improve their situation for a certain period, but may seek to terminate the transaction if reasonable improvements are not made.

Among procurement partners that are surveyed by the above mentioned self-assessment questionnaire, we elect potentially high risk companies and conduct on-site audits by third-party auditors after giving advanced notice. In the Period, four companies in Thailand and Japan were audited. The results of the audits identified some issues for correction, mainly in the area of working hours and wages, 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 in writing to make improvements in the areas where the Nikon CSR Procurement Standards were not satisfied. We demanded that all 14 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 2018 reported to us that they completed corrective actions within the Period.

In light of the growing attention on issues related to the working environment of migrant workers, we examined two labor recruiters who help provide our procurement partners with access to migrant workers. These are both Japanese companies who intermediate between Vietnamese workers and Japanese companies. We requested that they illustrate their recruiting procedures schematically, and continue to monitor this matter.

In light of conflict mineral issues, we endeavour to prevent human rights violations, such as modern slavery and human trafficking, through implementing our Policy on Conflict Minerals and conducting investigations of our product components to ensure conflict minerals are not used.

Our UK group companies listed above are also participating in these efforts as members of the Nikon Group.

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

As mentioned above, Nikon launched the Human Rights Policy in April 2019. We announced it to our employees in our intranet site in Japan, and through presidents of group companies outside of Japan. In the fiscal year ending March 2020, training for employees is planned, focusing on the Policy and human rights issues relevant to Nikon.

In the Period, we conducted training across the entire group on the Nikon Code of Conduct, which was revised in April 2018. In the revised code, we enhanced certain aspects related to human rights. Accordingly, in the training provided on the code, we explain to directors and employees the importance of respecting human rights and how to ensure their conduct is in line with the code. As of the end of March 2019, almost 100% of our directors and employees (including dispatched workers) have completed the training by e-learning or class-room training.

For our supply chain, every year we explain the contents of the Nikon CSR Procurement Standards to employees of our procurement departments/sections and procurement partners. In the Period, we held explanatory sessions for our Supply Chain Subcommittee, whose members include the Procurement and Quality Control department managers from each business unit. Furthermore, briefing sessions were conducted in Japan, China and Thailand for procurement partners as well as our employees who were responsible for procurement.

The explanation included international trends related to human rights issues in supply chains, such as the United Kingdom Modern Slavery Act. In total, 66 employees and 571 procurement partners attended these briefings in the Period.

We are also currently examining the possibility of holding training using tools/materials prepared by RBA. In the Period, we requested one procurement partner to participate in RBA's e-learning as a trial.

This Statement was reviewed and approved by the Nikon Corporation's Board of Directors on 6 September 2019.

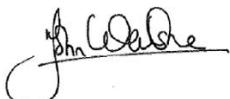
Further, this Statement was reviewed and approved by Nikon U.K. Ltd.'s Board of Directors on 22 August 2019, Optos Plc's Board of Directors on 23 August 2019, Nikon Metrology UK Ltd.'s Board of Directors on 5 August 2019, and Nikon X-Tek Systems Ltd.'s Board of Directors on 5 September 2019.

19 September 2019

Toshikazu Umatate

Toshikazu Umatate  
Representative Director, President and CEO  
Nikon Corporation

19 September 2019



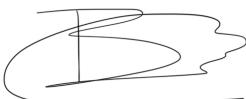
John Walshe  
Managing Director  
Nikon U.K. Ltd.

19 September 2019



Robert Kennedy  
Director and Chief Executive Officer  
Optos Plc

19 September 2019



Berend van Iterson  
Director & President  
Nikon Metrology UK Ltd.

19 September 2019



Steve Hansen  
Director & President  
Nikon X-Tek Systems Ltd.