



Nikon Group Slavery and Human Trafficking Statement for the fiscal year ended March 2020

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 violations are

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 2020 ("Period"), 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 issues that may be considered as high risk

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 eight manufacturing group companies outside Japan in the Period, following the previous year's assessment in Japan. We did not identify any issues of high risk.

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 request our procurement partners to comply with the Nikon CSR Procurement Standards, which is explicitly mentioned in the basic transaction agreement. By conducting periodical monitoring of the compliance situation through self-assessment survey, we endeavour to assess modern slavery and human trafficking risks in our supply chain. Moreover, we set 65% compliance level of the CSR Procurement Standards as the minimum requirement, and have started to request the partners to meet this requirement. We will provide support to those who do not reach the required level of compliance for a certain period to make improvement. We may terminate the transaction in case they are not willing to cooperate.

We conducted self-assessment surveys for eight companies in the Period, mainly for new procurement partner selection.

As the above mentioned improvement support activities, out of about 600 companies, we selected 13 partners with the result of compliance level less than 65% in the self-assessment for three years before the Period. We conducted on-site audits for three partners by third-party auditors. And for the ten other companies, we instructed them in writing 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. Fourteen companies to which we requested rectification by on-site audits or letters during the fiscal year ended March 2019 reported to us that they completed corrective actions within the Period.

We will continue our efforts for improvement so that all our partners would meet the 65 % level.

In light of the growing attention on issues related to the working environment of migrant workers, we had examined two labour recruiters who help provide our procurement partners with access to migrant workers since the previous period. These are both Japanese companies who intermedicate between Indonesian & Chinese workers and Japanese companies. We found that their local recruitment fee practices were in breach of the Nikon CSR Procurement Standards. We requested the relevant procurement partners for rectification.

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. We had expanded the number of business units in the scope of investigations year by year, and in the Period all business units were included in the scope. With expansion of the scope and ensuring the continuation, we aim to achieve actual implementation and realisation of the policy.

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. In the Period, we conducted the training for all directors and employees in Nikon group on the Human Rights Policy and issues relevant to our business. The training was carried out in the way that would be appropriate to each company, including e-learning, classroom training or self-study. The completion rate exceeded 90%.

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 held in Japan, China and Thailand for procurement partners as well as our employees who were responsible for procurement.

The agenda included international trends related to human rights issues in supply chains, such as the United Kingdom Modern Slavery Act. In total, 66 employees and 965 procurement partners attended these briefings in the Period.

And we expand the target of training using tools/materials prepared by RBA in the Period; 33 employees in our procurement departments/sections and 14 procurement partners participated in the RBA's e-learning. The training contents are to facilitate

departments, owners and 17 procurement partners participated in the RBA's training. The training contents are to facilitate understanding about the RBA's code of conduct, including issues of human rights and labour practices.

This Statement was reviewed and approved by the Nikon Corporation's Board of Directors on 8 September 2020.

Further, this Statement was reviewed and approved by Nikon U.K. Ltd.'s Board of Directors on 7 August 2020, Optos plc's Board of Directors on 27 August 2020, Nikon Metrology UK Ltd.'s Board of Directors on 1 September 2020, and Nikon X-Tek Systems Ltd.'s Board of Directors on 28 August 2020.



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