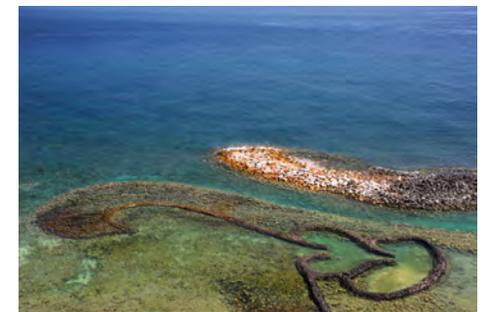




2019

Nikon SUSTAINABILITY REPORT



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About Sustainability Report 2019

Editorial Policy

The Nikon Group aspires to be a company that can grow its business while contributing to the sustainable development of society. We hope to build strong relationships with stakeholders by sharing information about our basic approaches and initiatives proactively. The PDF version of Sustainability Report 2019 references GRI guidelines and other items from outside the company including ESG surveys. The report is organized according to Nikon's CSR Priority Issues to make the materiality of the Nikon Group's activities and progress clearer to readers. Certain data has also received third-party assurance in order to enhance its credibility (relevant data are marked with ★).

* This PDF file uses indexing to enhance searchability. Be sure to utilize this useful function.

* For information regarding the various policies on sustainability and other matters, please visit our company website.

* Nikon's company website contains additional information on community contribution activities that does not appear in this report.

* Nikon's management and financial information are disclosed in the Nikon Report and on the company's Investor Relations web page (<https://www.nikon.com/about/ir/>).

[▶ Link to Nikon's Sustainability web page:
<https://www.nikon.com/about/sustainability/>](https://www.nikon.com/about/sustainability/)

■ Reporting Period and Boundary

Reporting Period

April 1, 2018 to March 31, 2019

(Information includes some activities in April 2019 and afterwards)

Boundary

Nikon: Refers to Nikon brand or Nikon Corporation only

Group companies: Nikon's 81 consolidated subsidiaries

Nikon Group: Nikon Corporation and its consolidated subsidiaries

* The boundary for environmental data is defined in the Nikon Group's Environmental Management Systems and Environmental Performance Data Boundary (P 51. In other cases where a specific boundary is defined, details are clearly specified in each respective section.

* As Nikon Imaging (China) Co., Ltd. has ceased operations, it has been excluded from the scope of data aggregation, with the exception of some personnel and other data.

* Unless otherwise stated, the term "employees" includes the Nikon Group executive officers, permanent and non-regular staff, contract workers, contract workers from staffing agencies, part-time employees, and temporary personnel.

■ References

- GRI Standards (Global Reporting Initiative)
- Final report: Recommendations of the Task Force on Climate-related Financial Disclosures

■ Department Responsible for the Report and Contact Information

CSR Department, Corporate Strategy Division,
Nikon Corporation

Shinagawa Intercity Tower C, 2-15-3, Konan,
Minato-ku, Tokyo 108-6290, Japan

Tel. : +81-3-6433-3722

Fax : +81-3-6433-3751

E-mail : Csr.Info@nikon.com

Aiming for Sustainable Value Creation and Contribution to Society as One Nikon Group

Toshikazu Umatate

Toshikazu Umatate

Representative Director

President & CEO

Chairperson of the CSR Committee



Thank you for your ongoing support for and cooperation with the activities of the Nikon Group. My name is Toshikazu Umatate, and I was appointed Representative Director, President and CEO of Nikon in June 2019. While taking a leading place, I am determined to do my very best for further corporate development.

Medium-Term Management Plan and Medium-Term CSR Plan

Based on opto-electronics and precision technologies of our core technologies, the Nikon Group provides cameras that capture the feelings of people all around the world, and lithography systems for semiconductors and flat panel displays (FPDs) as the foundation of industry, as well as microscopes. We have grown by meeting the expectations of customers and the needs of society.

In November 2016, we announced that we would work on restructuring with the goals of improving our profitability and corporate structure until March 31, 2019. We have promoted various measures as a group and succeeded in achieving our intended goals.

Going forward, in accordance with the Medium-Term Management Plan we announced in May 2019, we will work to boost profitability in existing businesses. While utilizing the technology we have cultivated so far and leveraging internal and external partnerships more deeply

and widely, we will also promote the establishment of new businesses that will form new core pillars of profit, such as the material processing business.

In addition to our Medium-Term Management Plan, which is focused on the expansion of our business, we formulated the Medium-Term CSR Plan in May 2019 in order to integrate business and CSR as a management issue and to clarify our policies and targets and achieve steady progress on it.

In the future, through these two medium-term plans, we will effectively utilize the diverse capital and related resources of the Nikon Group. We will strive to formulate a sustainability strategy that constantly creates social value and enterprise value while solving social issues focused on the SDGs.

Sustainability and Companies

It is clear that without social sustainability and development companies do not grow or survive, and addressing sustainability, including climate changes, human rights matters, and the SDGs, is a pressing issue. Accordingly, I will work on management with a conviction that companies take these issues seriously, formulate and implement effective plans, and grow while contributing to society.

Nikon established our corporate philosophy of “Trustworthiness and Creativity” in 2000, and it has been

[>Message from the President](#)

passed down until the present day. Our pursuit of this corporate philosophy is the same as my own convictions about sustainability that I stated above and forms the basis of consistent management for the Nikon Group.

For those sustainability issues that require efforts over a long-term period of several decades into the future, such as climate change policy in particular, it is the responsibility of management to accurately identify social trends and consider our response to changes to plan and prepare the required action for each issue at an early stage. This is our approach in addressing the FSB Task Force on Climate-related Financial Disclosure (TCFD), which we endorsed in November 2018, and the setting of Science Based Targets (SBT), which we committed to in March 2019, based on sound processes and consideration.

Nikon Group's Initiatives

We formulated our new Medium-Term CSR Plan in line with our CSR priority issues [▶ CSR Priority Issues (P13)]. The Nikon Group has divided our CSR priority issues into three key areas: "Contributing to Society through Business Activities," "Responding to Environmental Issues," and "Strengthening CSR Foundation," and we have established 11 issues within these areas. Each department develops its own targets for each issue based on company-wide targets as the entire Nikon Group strives to achieve our targets.

In the area of "Contributing to Society through Business Activities," our main aim is to utilize the technology that Nikon has cultivated widely beyond our existing businesses in the advancement of people's health, and industry and science. As an example, the Lasermeister 100A, the optical processing machine for which we started taking orders in April 2019, is Nikon's proprietary metal processing machine and can easily process a variety

of metals with high precision using laser. It is a product that dispels the conventional images of metal processing machines as space-consuming, expensive, and complex to operate, which, combined with its compact size and simple operation that does not require setup, will create new markets. We will expand our active external partnerships from the initial stages of development for other products as well to promote initiatives and innovations in new fields.

In the area of "Responding to Environmental Issues," we will promote a low-carbon society and resource circulation based on the Nikon Long-Term Environmental Vision formulated in 2016. In relation to this, we are working on the TCFD and SBT, which I mentioned earlier, as key issues.

In the area of "Strengthening CSR Foundation," we are repeatedly engaging in internal and external dialogue on issues that form the basis of sustainability such as governance, compliance, the supply chain, promoting the success of diverse employees, and respecting human rights, while aiming for steady improvement in each issue. In the establishment of a sustainable supply chain, we have worked to assess the status of our procurement partners and provide support for the improvement of issues based on the Nikon CSR Procurement Standards. We will continue to actively identify human rights risks in the supply chain based on the Nikon Human Rights Policy, launched in April 2019.

We will also implement human resource-related measures starting with the working system, to ensure that our diverse employees can work with ease, produce results efficiently, and obtain job satisfaction.

Moreover, in order to promote our initiatives to address environmental issues and strengthen the CSR foundation, Nikon joined the Responsible Business Alliance (RBA) in May 2018. Since joining, we have been taking advantage of the tools that the RBA possesses and partnerships with

member companies as well as working to ensure that our business sites and our procurement partners are able to comply more fully with the RBA Code of Conduct.

In Order to Work as One Group

Our Sustainability Strategy will return significant results when each and every employee working in diverse workplaces feels familiar with sustainability, identifies issues in their own work, and solves and improves these issues in line with group policy.

In the past, the Nikon Group has promoted a variety of CSR activities based on the CSR Committee. As a result, I really feel that awareness about the importance of sustainability and the policies decided by the Committee have gradually spread through our organization. Going forward, in order to further consolidate this, we will concentrate on reforming the organizational culture and recreating the appropriate framework so that the Nikon Group addresses the Sustainability Strategy as one. I will also take a variety of opportunities to communicate and exchange opinions with employees about sustainability. Furthermore, we will establish positive and quality communication that cuts across the hierarchy in each workplace to share awareness of issues and promote the integration of business and CSR, implementing strategies so that each and every one of us at the Nikon Group can be keenly aware of contributing to society through business activities.

We hope that you are looking forward to the future of the Nikon Group, and we ask for your continued support.

>Nikon Group Profile

Nikon Group Profile

Corporate Information

Name NIKON CORPORATION
Head Office Shinagawa Intercity Tower C, 2-15-3, Konan, Minato-ku, Tokyo 108-6290, Japan
 Tel.: +81-3-6433-3600
Representative Toshikazu Umatate
 Representative Director, President and CEO
Established July 25, 1917
Capital ¥65,476 million (as of March 31, 2019)
Revenue Consolidated: ¥708,660 million
 (for the fiscal year ended March 31, 2019, International Financial Reporting Standards (IFRS))
Employees Consolidated: 20,917 (as of March 31, 2019)
 * Permanent and non-regular employees of the Nikon Group, director of Group companies
 Non-consolidated: 4,398 (as of March 31, 2019)
 * Permanent and non-regular employees, not including Nikon's employees temporarily assigned to other companies, etc.

Number of Group Companies by Region (Consolidated) (as of March 31, 2019)
 Japan (excluding Nikon): 19 companies
 Europe: 24 companies
 Asia/Oceania: 25 companies
 Americas: 13 companies

Business Domains Since the company was established in 1917, the Nikon Group provides a wide range of technologies, products and services globally by harnessing our advanced technologies, the core of which encompasses opto-electronics and precision technologies

[Main products by Industry Segment]

Imaging Products Business

Main products: Digital cameras, film cameras, interchangeable lenses, speedlights, accessories, software, sport optics

Precision Equipment Business

Main products: FPD lithography systems, semiconductor lithography systems

Healthcare Business

Main products: Biological microscopes, cell culture observation system, ultra-wide field retinal imaging device

Industrial Metrology Business and Others

Main products:
 Industrial Metrology Business: Industrial microscopes, Measuring instruments, X-ray/CT inspection systems
 Customized Products Business: Customized equipment
 Glass Business: Photomask substrates for FPD

Our Philosophy

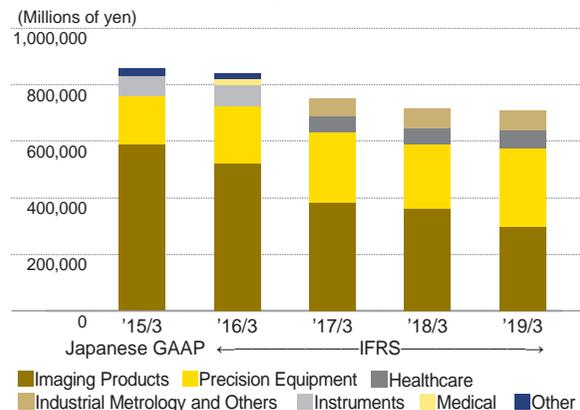
Trustworthiness and Creativity

Our Vision

Unlock the future with the power of light

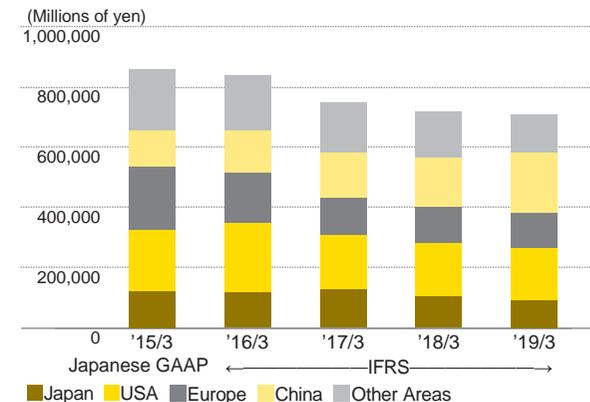
Main Financial Data

Revenue by Industry Segment (Consolidated)



* Revenue by industry segment comprise revenue for outside customers.
 * March 31, 2015 and prior are prepared in accordance with Japanese GAAP. Figures for the fiscal year ended March 31, 2016 and forward are prepared in accordance with IFRS.
 * Business segments have been changed from June 29, 2017.

Revenue in Japan and Export Revenue by Region (Consolidated)



* March 31, 2015 and prior are prepared in accordance with Japanese GAAP. Figures for the fiscal year ended March 31, 2016 and forward are prepared in accordance with IFRS.

Nikon CSR

Our Approach to Sustainability

The Nikon Group stands committed to realizing a sustainable society under its corporate philosophy of “Trustworthiness and Creativity.”

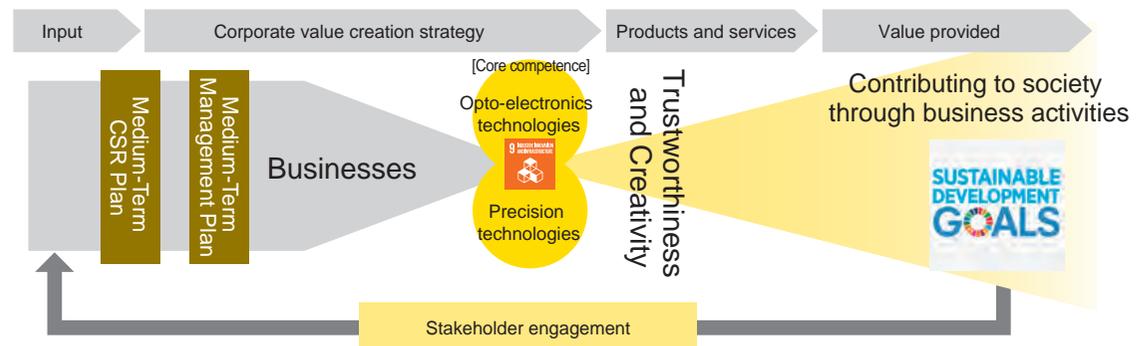
Nikon CSR and Sustainability

The Nikon Group’s corporate social responsibility (CSR) is making its corporate philosophy of “Trustworthiness and Creativity” a reality through its business activities and contributing to the sustainable development of society. In order to practice this approach in management, the Nikon Group has drawn up the Sustainability Strategy (Value Creation Process). Under this Sustainability Strategy, we will create Nikon’s unique “products and services that make people happy” through an corporate value creation strategy that will continue to develop our business with a focus on opto-electronics and precision technologies based on the Medium-Term Management Plan and Medium-Term CSR Plan. Our aim is to contribute to the sustainability of society, including the resolution of social issues and the achievement of the SDGs, through the social value provided by these products and services.

Moreover, dialogue with stakeholders is essential now that issues such as climate change and forced labor are coming to the fore. The Nikon Group aims to be a company that continues to create value and develop by accurately identifying social changes through dialogue and incorporating these changes into the cycle of our value creation process.

- [▶ Contributing to the Achievement of the SDGs \(P24\)](#)
- [▶ CSR Priority Issues and the Medium-Term CSR Plan \(P14\)](#)
- [▶ Stakeholder Engagement \(P10\)](#)

Overview of the Nikon Group’s Sustainability Strategy (Value Creation Process)



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Nikon Code of Conduct

The Nikon Group has established the Nikon Code of Conduct which embodied Nikon's basic approach to CSR and laid down standards for employees to follow based on the approach. In January 2018, we revised the content and positioning of the Nikon Code of Conduct with the aim of aligning it with Our Vision that was established to mark the 100th anniversary of the founding of Nikon in addition to responding to the rising demands from stakeholders in the global community.

We will strengthen our global governance by requiring all employees to comply with the Nikon Code of Conduct, and continue to implement CSR as a Group.

[▶ Nikon Code of Conduct](#)

<https://www.nikon.com/about/sustainability/nikon-csr/codeofconduct/>

[▶ Compliance \(P114\)](#)

Nikon Code of Conduct (Summary)

Introduction

Scope

1. Responsibility
 2. Respect for Human Rights
 3. Sound Working Environment
 4. Protection of the Natural Environment
 5. Operation Practices
 - (1) Anti-bribery and Corruption
 - (2) Relationship with Suppliers and Business Partners
 - (3) Social Responsibility in the Supply Chain
 - (4) Entertainment and Gifts
 - (5) Lobbying and Political Donations
 - (6) Fair Competition and Business Transactions
 - (7) Import and Export Control
 - (8) Taxation
 - (9) Insider Trading Prevention
 - (10) Proper Use and Management of Nikon Property
 - (11) Protection of Intellectual Property Rights
 - (12) Sound Communication
 - (13) Appropriate Information Management
 6. Factual Information and Disclosure
 7. Provision of Valuable Products and Services
 8. Community Relations
- Reporting/Consulting System, Consequences of Violation
Code of Conduct Administration

* The Nikon Code of Conduct has been drawn up in English, and published in 16 language

CSR Promotion System

We are carrying out initiatives to achieve a sustainable society by striving to collaborate with each organization including affiliated committees and subcommittees, using a system centered on the CSR Committee.

Nikon Group's CSR Promotion System

The Nikon Group established the CSR Committee and appointed the Representative Director, President and CEO as the chair in an effort to pursue management with a high degree of integrity and transparency geared toward sustainability that earns the trust of stakeholders. In addition, committee members also consist of heads of various specialized departments including HR, procurement, and the environment, to harness collective wisdom in promptly and accurately addressing multifaceted CSR issues. The CSR Committee convenes twice a year to set goals relating to CSR Priority Issues, receive progress reports on activities, issue directions for improvement as required, and make overarching decisions about sustainability activities. The Business Conduct Committee, the Environmental Committee, and the Supply Chain Subcommittee have also been established as subcommittees under the CSR Committee.

The CSR Committee reports to the Board of Directors, and the Board of Directors manages and monitors the effectiveness and risks of Environmental, Social and corporate Governance (ESG) related measures from a managerial standpoint.

CSR Promotion at Group Companies outside Japan

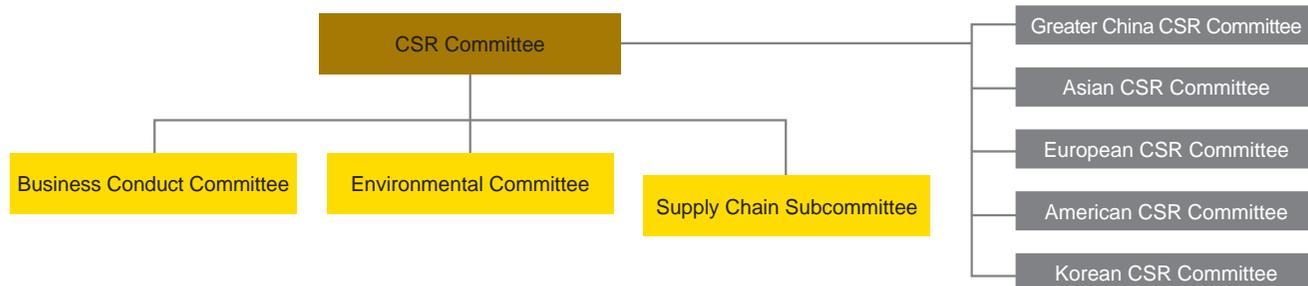
We have assigned the supervision and promotion of CSR to each holding company outside of Japan, taking into account the characteristics of each region, including culture, customs and language, so as to advance uniform and consistent sustainability initiatives across the Nikon Group. We divide the geographic areas where we operate into five regions (excluding Japan), with a CSR department in each region. Each of the CSR departments oversees and conducts comprehensive promotion of CSR activities within their jurisdiction. CSR Committees consisting of Group company directors are established in each region, and CSR Communication Meetings are held consisting of CSR coordinators at each company.

In addition, a CSR Global Communication Meeting is held once a year involving the CSR department of each regional holding company. This Meeting brings together representatives of the CSR departments in each regional holding company to share information about and discuss social trends in each region, the progress made in CSR activities, issues that need to be addressed, etc.

Raising Employees' Awareness About CSR

The Nikon Group publishes a quarterly CSR newsletter to raise the level of employees' CSR awareness. The newsletter is published in 15 languages, providing the Nikon Group employees all over the world with information about activities related to the SDGs and about the latest CSR news, both within and outside the Nikon Group. In the fiscal year ended March 31, 2019, the Group actively disseminated information on events that employees could partake in, such as environmental photo contest, and matching program for corporate citizenship activities.

CSR Promotion System (As of March 31, 2019)



CSR Newsletter

Participation in International Initiatives

The Nikon Group aims to enhance and maximize the efficiency and efficacy of its initiatives by working together with various groups through involvement in international initiatives.

Joining the UN Global Compact

Nikon became a signatory to the UN Global Compact (UNGC) in 2007. We respect the ten principles covering the four areas of human rights, labor, environment and anti-corruption.

Through UNGC, the Group acquires a global perspective on social challenges as well as gains opportunities to share information with other companies and build a network with experts.



Participation in the RBA

With the aim of enhancing the overall level of CSR both within the Nikon Group and in the supply chain, Nikon joined the Responsible Business Alliance (RBA) in May 2018. The RBA (formerly the Electronic Industry Citizenship Coalition, or EICC) has established a code of conduct that states a firm commitment toward improving the working environment, supporting the rights and wellbeing of employees, while also fulfilling environmental

Main Achievements for the Fiscal Year Ended March 31, 2019 in Relation to the Ten Principles of the UN Global Compact

	Principle	Policy	Jurisdiction	Achievements
Human rights/ Labor	1·2 / 3·4·5·6	Nikon Human Rights Policy	CSR Committee	Evaluate human rights risks, and formulate human rights policies to reflect the findings. Also, it conducts self-assessment on RBA among Nikon plants and domestic Group manufacturing companies.
		Nikon CSR Procurement Standards	Supply Chain Subcommittee	Conducted CSR surveys among 208 procurement partners, carried out audits of 4 companies, and requested submission of improvement plans from 14 companies based on the results. In addition, we provided support for improvements by procurement partners that were asked to implement improvements in the previous year, and verified the results of improvement efforts. Moreover, we determined a rate of compliance with Nikon Group's CSR Procurement Standards.
		Policy on Conflict Minerals		Conducted surveys on conflict minerals covering procurement partners, and disclosed our conflict minerals report along with list of RMAP conformant smelters.
Environment	7·8·9	Nikon Long-term Environmental Vision	Environmental Committee	Expanded coverage of the environmental management system to the entire Nikon Group, and implemented activities in accordance with the Environmental Action Plan.
		Nikon Green Procurement Standards	Supply Chain Subcommittee	Conducted audits of procurement partners for evaluating their environmental management system and designated environmental partners based on the results.
Anticorruption	10	Nikon Anti-Bribery Policy	Business Conduct Committee	Confirmed implementation of Nikon Anti-Bribery Policy established in each region using self-inspection check sheets. Also, revised the Japanese version of this policy.

and ethical responsibilities within the supply chains of all member companies.

In the fiscal year ended March 31, 2019, we carried out the RBA's self-assessment at six Nikon plants and six Nikon Group manufacturing companies in Japan. The results indicated there were no serious risks in terms of labor, health and safety, the environment or ethics. However, we identified a future issue of how to fill the gap when there was more stringent rule in RBA code than the Nikon Group's code of conducts. In the fiscal year ending March 31, 2020, we will begin reviewing solutions to these issues together with relevant departments and we plan to conduct self-assessments at the Nikon Group manufacturing companies outside Japan.

[▶ Initiatives outside Nikon Group: Promoting CSR Procurement \(P90\)](#)

Stakeholder Engagement

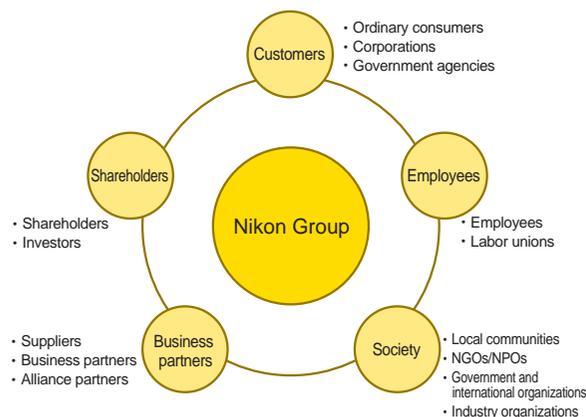
The Nikon Group fosters two-way communication with its stakeholders through various methods and opportunities.

Approach to Communication

For a company to fulfill its social responsibility, it must disclose its own policies and performance to stakeholders in addition to taking feedback and expectations seriously and constantly improving its own activities. Stakeholder engagement is essential in achieving this.

The Nikon Group works to maintain and develop healthy relationships with stakeholders including customers, shareholders, employees, business partners, and society through a variety of opportunities and methods in addition to striving actively for two-way communication.

Nikon Group's Main Stakeholders



Engagement with Stakeholders

- ▶ [Column: Fan Meetings Provide an Opportunity for Two-Way Communication with Customers \(P43\)](#)
- ▶ [Engagement with Procurement Partners \(P88\)](#)

Main Forms of Engagement with Stakeholders

Main Stakeholder	Methods of engagement	Objectives
Customers	<ul style="list-style-type: none"> • Call centers and service counters (as required) • Responses to customers by departments in charge of sales / services (as required) • Sharing of information via the website and other methods (as required) • Exhibitions / events, etc. (several times a year) • News releases via mass media and other methods (as required) 	Provision of high quality, high value added products and services, responding to feedback and requests, providing appropriate information on products and services
Shareholders	<ul style="list-style-type: none"> • General meetings of shareholders (once a year) • Announcements (as required) • Publishing of various types of printed materials including NIKON REPORT, and interim / annual reports (once a year/twice a year) • Sharing of information via the website and other methods (as required) • Financial Results Conference (four times a year) • Addressing ESG institutional investors and researchers, etc. (as required) 	Timely disclosure of information, gaining appropriate evaluation and support from capital markets, fair and highly transparent corporate management, appropriate return of profits
Employees	<ul style="list-style-type: none"> • Sharing of information via company newsletters, the intranet, and other methods (as required) • Labor and management conferences, and conferences with employee-elected representatives (as required) • Reporting / Consulting System (as required) • Conducting human rights and labor standards survey, and employee awareness survey, etc. at the Group companies (once a year) 	Active utilization of diverse human resources, provision of positive work and workplace environment, proper treatment of workers, enhancement of occupational safety and mental health, positive labor-management relationships
Business partners	<ul style="list-style-type: none"> • Dialogue through everyday business activities (as reqd) • Meetings with procurement partners (once a year) • Briefing sessions for, and surveys and monitoring of, procurement partners in relation to CSR- procurement (once a year) • Confirming the establishment of environmental management systems (surveys/audits), etc. (once every one to three years) 	Mutual development through provision of products and services that are useful to society, fair business transactions, smooth sharing of information, joint research and development, CSR procurement
Society	<ul style="list-style-type: none"> • Participation in local events (as required) • Collaboration with NGOs / NPOs in corporate citizenship (as required) • Participation in economic and industry organizations (as required) • Consultations with governmental agencies, etc. (as required) 	Compliance with laws, regulations and rules, participation in industry-government-academia collaboration projects, participation in the community as a corporate citizen, contribution to technology development through support for academic societies/research organizations, collaboration with NPOs/NGOs

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>Our Approach to Sustainability >CSR Promotion System >Stakeholder Engagement >CSR Priority Issues

List of Main Affiliated Organizations Related to CSR (As of March 31, 2019)

Organization Name
Business Ethics Research Center (BERC)
Council for Better Corporate Citizenship (CBCC)
Global Compact Network Japan (GCNJ)
Japan Business Council in Europe (JBCE) CSR Committee and Environmental Committee
Japan Electronics and Information Technology Industries Association (JEITA) CSR Committee, Environment Committee, and Responsible Minerals Trade Working Group
Japan Machinery Center for Trade and Investment (JMC)
Joint Article Management Promotion-consortium (JAMP)
Keidanren (Japan Business Federation) Committee on Corporate Behavior & Social Responsibility
Responsible Business Alliance (RBA)
Responsible Minerals Initiative (RMI)

List of Main Donation Recipients in Corporate Citizenship Activities (As of March 31, 2019)

Organization Name	Organization Name
Chiba University	The Seikado Foundation
The University of Tokyo	OISCA
Kyoto University	Toyo Bunko
Japan Student Services Organization	The Mitsubishi Economic Research Institute
Japan International Cooperation Agency	Japan Association for the World Food Programme
The Mitsubishi Foundation	The Photographic Society of Japan
Shanti Volunteer Association	EU-Japan Fest Japan Committee
EDF-Japan	Museum of Astronomical Telescope
Japanese Foundation for Cancer Research	The Japan Professional Photographers Society

Column

Two-Way Communication with Shareholders and Investors

In the Restructuring Plan announced in November 2016, Nikon set a goal of “capital market-oriented management” and has been focusing on investor relations activities that emphasize dialogue with shareholders and investors. We firmly believe that for Nikon, which aims to achieve sustainable growth in its enterprise value, two-way communication with shareholders and investors is a valuable opportunity to receive feedback and advice from diverse perspectives.

In the fiscal year ended March 31, 2019, following on from the previous fiscal year, we held interviews with more than 500 shareholders, institutional investors, and analysts inside and outside Japan. We also expanded opportunities for interaction such as briefing sessions on new products and plant tours so as to further deepen their understanding of Nikon throughout real experiences.

The feedback and advice that we have received from shareholders and investors is extensive, including matters related to the progress of structural reform, future growth strategy, and the opportunities and risks of existing core businesses. In particular, we have engaged in frank exchanges of opinion based on the ESG perspective with investors who focus on a long-term viewpoint. The ESG perspective includes contributions to solving social issues through business

activities, financial strategies covering allocation of capital, and even governance issues.

The valuable feedback and advice that we have been able to obtain through interviews is also shared with the Board of Directors and the Executive Committee and used to deepen our management strategies and business operations. The diverse feedback we have received from shareholders and investors leads to the implementation of strategies directly grounded in macro trends and the market environment. In the fiscal year ending March 31, 2020, we also plan to hold briefings for individual investors. Going forward, we aim to enhance two-way communication with shareholders and investors both in terms of quality and quantity and will continually improve our enterprise value while listening carefully to their feedback and advice.



Investors and analysts on a tour of the mirrorless camera production site at Sendai Nikon Corporation

Evaluations from Stakeholders

As a business enterprise that adopts a proactive stance towards CSR activities, the Nikon Group has received very positive evaluations from a variety of external organizations.

Results of Evaluations in Addition to Those Below (Fiscal Year Ended March 31, 2019)

- Received Encouragement Prize at Environmental Consortium for Leadership Development (EcoLead) Awards 2018 (in March 2019)
- Selected for Certified Health & Productivity Management Outstanding Organizations Recognition Program "White 500" (in February 2019)

- Nikon Sustainability Report 2018 won the Excellence Award in the Environmental Reporting section in Japan's Environmental Communication Awards (in February 2019)
- Received Emperor Showa Memorial Blood Project Foundation Blood Donation Award (in December 2018)
- Certified as "Tokyo simultaneous going home restraint promotion enterprise" (in December 2018)

Inclusion in ESG Investment Indexes (As of June 30, 2019)

ESG Investment Index	Selected/Overview
 FTSE4Good Index Series	Selected: Since 2004 The FTSE4Good Index Series is designed by FTSE Russell, wholly owned by London Stock Exchange Group, to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices.
 ECPI Indices	Selected: Since 2011 ECPI is a company based in Italy and Luxembourg, and produces research, ratings and indices on companies' ESG performance.
 SOMPO JAPAN SNAM Sustainability Index	Selected: Since 2013 The SOMPO JAPAN SNAM Sustainability Index is a socially responsible investment product that enables pension funds and other institutional investors to invest broadly in companies with high evaluations for ESG.
MSCI ESG Leaders Indexes	Selected: Since 2014 The MSCI ESG Leaders Indexes comprise companies with high ESG ratings in their industry sectors.
 FTSE Blossom Japan Index*1	Selected: Since 2017 FTSE Blossom Japan Index is designed to reflect the performance of Japanese companies with excellent track records in terms of ESG.

Rating Evaluation (As of March 31, 2019)

Rating	Evaluation/Overview
 DBJ Environmental Ratings	Evaluated: Since 2016 Nikon acquired the highest certification level of the environmental ratings given out by the Development Bank of Japan and received financing based on this assessment. Additionally, Nikon was recognized with a special award for its excellence. The DBJ Environmental Ratings evaluate environmental management based on a rating system developed by the DBJ to select leading companies and provides the world's first financing plans that implement a specialized method of environmental rating to set financing terms according to the rating.

ESG Investment Index	Selected/Overview
MSCI Japan ESG Select Leaders Index*1	Selected: Since 2017 MSCI Japan ESG Select Leaders Index selects companies from various sectors with excellent ESG practices from among the top 500 Japanese stocks in terms of market capitalization.
 Euronext Vigeo Eiris Index World 120	Selected: Since 2018 The Euronext Vigeo Eiris Index World 120 is a sustainability index created by NYSE Euronext, which operates several stock exchanges in the U.S.A. and in Europe, and ESG (Environmental, Social and corporate Governance) research firm Vigeo Eiris; the Euronext Vigeo Eiris Index World 120 includes 120 companies in Europe, North America and the Asia Pacific Region that have demonstrated outstanding performance in terms of ESG.
 Dow Jones Sustainability Indices "DJSI World" and "DJSI Asia Pacific"	Selected: In 2018 The Dow Jones Sustainability Indices are indices developed in collaboration between S&P Dow Jones Indices LLC of the U.S. and Swiss firm Robeco SAM AG. Every year, the sustainability of around 2,500 major global companies is quantified from the three angles of "economy," "environment," and "society" and based on the results of evaluation by industry, around the top 10% are selected for "DJSI World" and around the top 20% in the Asia-Pacific region are selected for "DJSI Asia Pacific."
S&P/JPX Carbon Efficient Index*1	Selected: In 2018 The S&P/JPX Carbon Efficient Index is an index that uses TOPIX, the representative stock index for the Japanese market, as the universe and determines the composite stocks with a focus on disclosure of environmental information and level of carbon efficiency.
S&P Japan 500 ESG index	Selected: In 2019 The S&P Japan 500 ESG Index is one of the S&P 500 ESG Index series, which was newly announced by S&P Dow Jones Indices, with the main indices in Japan as its universe.

*1 Selected as an investment target by the Government Pension Investment Fund, or GPIF.

CSR Priority Issues

The Nikon Group selects CSR priority issues, and establishes annual targets for each priority issue and promotes and manages Group-wide CSR activities based on this selection.

Selection of CSR Priority Issues

In order to ensure the efficient, steady implementation of CSR measures, the Nikon Group identifies CSR priority issues to focus on. The responsible departments then set targets for each priority issue and the employees take actions to achieve the targets.

Together with reformulating Our Vision to mark the 100th anniversary of the founding of Nikon, the Nikon Group revised the CSR priority issues in the fiscal year ended March 31, 2018. The main point of the revision was that we newly added contributing to society through business activities based Our Vision which embodies the Nikon Group's determination to "Unlock the future with the power of light" to strengthening initiatives in environmental and social areas such as reducing environmental impact, observing human rights and labor practices, and responsible procurement as in the past.

Management deliberates on and confirms the targets and achievements based on the CSR priority issues every six months through high-level management committees, including the CSR Committee. In this way, the Nikon Group is able to monitor the progress made in CSR activities and the results achieved, implementing a PDCA (Plan - Do - Check - Act) cycle that ensures that necessary action is taken.

The Process to Identify Priority Issues

The Nikon Group uses the following process to identify CSR priority issues.

Step 1: Identification of social issues

Significant social issues are identified from the GRI Guidelines, ISO 26000, the United Nations Global Compact, the Sustainable Development Goals (SDGs), etc. Those issues that are of particular relevance to the Nikon Group are then extracted, on the basis of value chain analysis.

Step 2: Assessment of importance from a stakeholder perspective

By examining the issues that ESG investment evaluation organizations prioritize, through communication with NGOs and other internal and external stakeholders, and through benchmarking with respect to other enterprises that have already brought CSR to a particularly high level, we assess the relative importance of the identified social issues from a stakeholder perspective.

Step 3: Assessment of priority order from the Nikon Group's point of view

We evaluate which issues the Nikon Group needs to address, and what priority order these should be placed in, on the basis of the Group's vision and business strategy, etc.

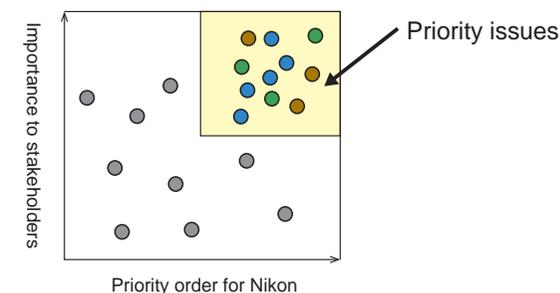
Step 4: Identification and determination of priority issues

On the basis of the results of review by those departments for which each issue is particularly relevant, we identify the CSR priority issues, with the final review and determination being made by the CSR Committee.

Step 5: Setting of targets for each priority issue

For each of the CSR priority issues that has been selected, we set Group-wide targets, and then set targets for individual related departments.

Schematic Diagram Showing the Approach Used in the Selection of CSR Priority Issues



CSR Priority Issues and the Medium-Term CSR Plan

In line with the process for identifying priority issues, the Nikon Group identified 11 CSR Priority Issues falling within the three key areas of “Contributing to society through business activities,” “Responding to environmental issues,” and “Strengthening CSR foundation.”

The issues within the “Responding to environmental issues” area are being tackled in coordination with the Nikon Long-term Environmental Vision that was formulated in 2016.

Through the “Strengthening CSR foundation” approach, we will maintain and develop the activities that have constituted the foundations of Nikon’s CSR management in the past.

In the area of “Contributing to society through business activities,” our main goal is to continue solving social issues through Nikon’s technology with a focus on opto-electronics and precision technologies based on Our Vision.

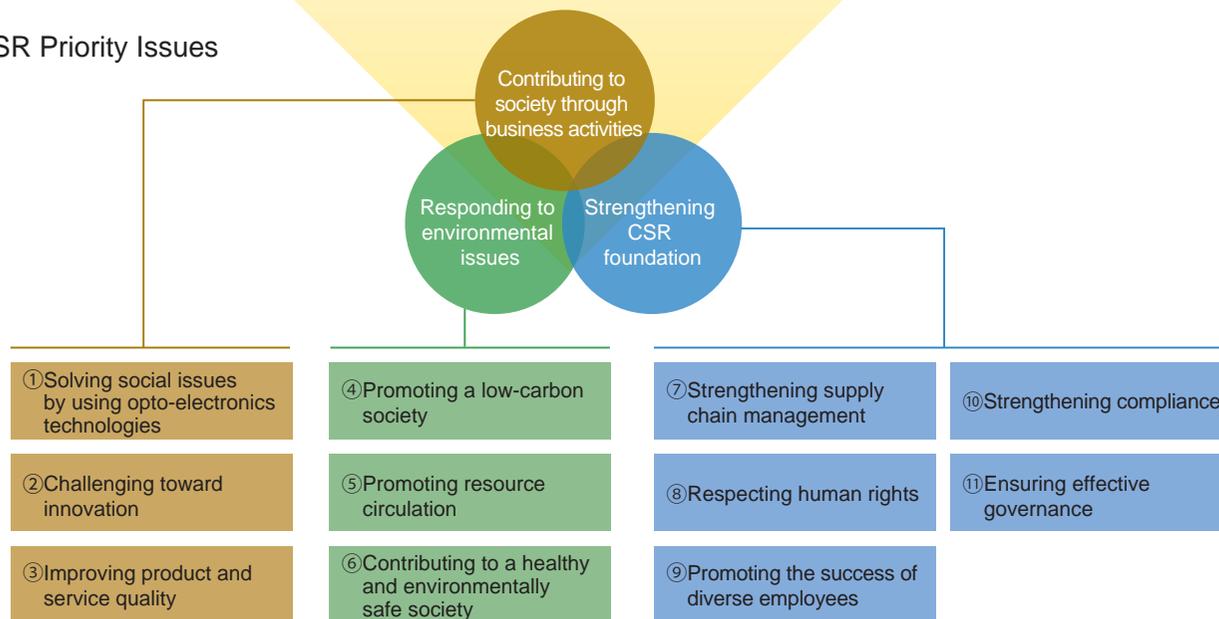
Nikon released its Medium-Term Management Plan up until to 2021 in May 2019. The Nikon Group formulated the Medium-Term CSR Plan as the base for our Sustainability Strategy integrated with this Medium-Term Management Plan. Specifically, we have established a vision for each CSR priority issue and set medium-term targets for at least three years in the future as well as annual targets in order to achieve the vision. In addition, we have identified six themes with particular priority from among these targets, which we will actively promote in relation to the SDGs.

Overview of the Medium-Term CSR Plan

Priority Themes of the Medium-Term CSR Plan



CSR Priority Issues



CSR Priority Issues – Targets and Results

The Nikon Group establishes concrete targets in relation to the CSR Priority issues, and manages the implementation of the measures adopted to realize these targets.

Results for the Fiscal Year Ended March 31, 2019 [Summary]

Self-evaluation ○:Achieved △:Measures started but not yet achieved

Priority Issue		What We Intend to Achieve in 3 to 5 Years	Targets for the Fiscal Year Ended March 31, 2019	Scope	Results	Self-evaluation	Corresponding Page	
Contributing to society through business activities	Issue1	Solving social issues by using opto-electronics technologies	(In accordance with the business plan)			—	▶P25	
	Issue2	Challenging toward innovation	Promotion of open innovation	Create business plans and support for start-ups through the Nikon Intrapreneur Program	Nikon	Creating three themes from Nikon Intrapreneur Program and supporting start-ups. Also identifying areas for improvement from the issues with the recently implemented program and continually promoting framework for new business creation activities.	○	▶P31
				Screening of venture companies with synergies with Nikon, review of business plans and investment from funds		Newly invested in 3 companies and made additional investment in 1 company. In addition to making preparations for the future, results also appeared, including completion of joint development with one company we invested in.	○	
			Creating new business	Creating a business to address new needs for optical and precision instrument components	Nikon	Taking advantage of alliances, etc. and gradually expanding business areas from semiconductor lithography systems peripherals into all optical and precision equipment components (e.g.: Optical processing machines).	○	▶P34
			Creation of a framework to develop core technologies and to utilize them across all businesses (effective research and development)	Create a technical information management system that can be used throughout the entire Nikon Group	Nikon Group	Created the platform for a technology information management system.	○	▶P29
	Issue3	Improving product and service quality	Improvement of the quality management system	Number of serious product accidents related to safety*: 0	Nikon Group	Number of serious product accidents: 0	○	▶P39
			Improvement of the communication system with customers	Strengthen systems by actively listening to customers	Nikon Group	At the Nikon Imaging Products Business, feedback is received from general and professional users worldwide through call centers, service counters, and NPS (Nikon Professional Services). After careful analysis, customer feedback is examined from a range of different perspectives. The results are reflected in our products and services leading to improved customer satisfaction	○	▶P41
			Enhancement of employees' knowledge and skills training	Build a new quality management education system that strengthens the connection between employees' roles and work	Nikon Group in Japan	We have put in place a new quality management education program that comprises required training for employees at each level and also specialist training aimed at the cultivation of experts in specific fields. Implementation of this new program began in the second half of the year, with a total of 447 personnel undergoing required training and 215 personnel receiving specialist training	○	▶P38

*1 Based on the definition of serious product accidents used in the Consumer Product Safety Act.

Results for the Fiscal Year Ended March 31, 2019 [Summary]

Priority Issue		What We Intend to Achieve in 3 to 5 Years	Targets for the Fiscal Year Ended March 31, 2019	Scope	Results	Self-evaluation	Corresponding Page	
Responding to environmental issues	Issue6	Contributing to a healthy and environmentally safe society	Appropriate management of the chemical substances used in production	Implementation of activities based on the Nikon Group Chemical Substance Management Guidelines	Nikon Group in Japan / Group manufacturing companies outside Japan	Decided measures to completely abolish 1-bromopropane in all departments and completed its replacement in half of all facilities	○	▶P80
			Appropriate management of chemical substances contained in products throughout the supply chain	Maintain compliance with the hazardous chemical substance laws and regulations of each country (RoHS, REACH, etc.)	Nikon Group	Complied with the hazardous chemical substance laws of each country (RoHS, REACH, etc.) Completed substitution of four phthalates subject to RoHS	○	▶P77
				Start full-scale operation of chemSHERPA	Nikon Group	ChemSHERPA was introduced in all business units	○	▶P76
				Improve the efficiency of Nikon Green Procurement auditing operations with respect to procurement partners	Nikon Group / Procurement partners	20% of target audits have begun as a trial	△	▶P79
			Implementation of activities aimed at safeguarding biodiversity	Promote FSC-certified paper use for newly-printed paper items with Nikon logo	Nikon Group	Product catalogs: About 99% of new orders in Japan (except for special paper) used FSC-certified papers; Instruction manuals: More than half of new orders in Japan used FSC-certified papers; Product packaging boxes: Started to use FSC-certified papers with binoculars, etc.	○	▶P84
Strengthening CSR foundation	Issue7	Strengthening supply chain management	Monitoring of the supply chain	Build a system for managing information of procurement partners of all the Nikon Group in Japan at a single location	Nikon Group / Procurement partners	Developed the groundwork of a centralized management system for procurement partners' information	○	▶P87
			Dealing with important issues in the supply chain	Decide on CSR risk management indicators for procurement partners	Nikon Group	Determined the CSR risk management index and started CSR procurement based on this index	○	▶P93
				Establish a mechanism for using RBA capacity building tool	Nikon Group / Procurement partners	Established a structure to utilize RBA capacity building tool, and implemented a pilot study	○	▶P91
	Country-of-origin surveys and due diligence for conflict minerals	Expand scope of surveys to products subject to European regulations	Nikon Group / Procurement partners	Expanded the survey target to products subject to European regulations and conducted survey	○	▶P94		
Issue8	Respecting human rights	Identification of human rights risks	Create action plan on human rights due diligence	Nikon Group	Launched the "Nikon Human Rights Policy," as the first step towards implementation of human rights due diligence, and drew up the due diligence action plan for the fiscal year ending March 31, 2020	○	▶P97	

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Results for the Fiscal Year Ended March 31, 2019 [Summary]

Priority Issue		What We Intend to Achieve in 3 to 5 Years	Targets for the Fiscal Year Ended March 31, 2019	Scope	Results	Self-evaluation	Corresponding Page	
Strengthening CSR foundation	Priority Issue 9	Promoting the success of diverse employees	Achieve a female ratio of management positions of 5% by March 31, 2023*1	Nikon	Achieved a female ratio of management positions of 5.1% as of February 2, 2019	○	▶P105	
			Attain a 25% or higher female ratio in regular recruitment at Nikon	Nikon	Attained a 23% female ratio in regular recruitment at Nikon	△		
			Formulate activity plans to increase the percentage of employees with disabilities at each Nikon Group in Japan to at least 2.3% of by June 1, 2021, and implement the first phase of this plan	Nikon Group in Japan	After formulating activity plans to promote employment of employees with disabilities, promoted the first-year activity plan and attained percentage of employees with disabilities of at least 2.3% at nine Nikon Group companies in Japan	○	▶P107	
		Productivity enhancement and work-life balance improvement through measures including support for diverse working styles	Increase the percentage of employee taking at least 14 days of annual paid leave to at least 70%	Nikon	Attained a 72.5% of employees taking annual paid leave, 14.5 days on average	○	▶P108	
			Reduce the number of employees working excessive overtime*2 60 hours or more per month (on a monthly average basis)- to "0"	Nikon	Reduced the number of employees working excessive overtime 60 hours or more per month (on a monthly average basis)- to 0	○		
	Promotion of health and safety	Reduce occupational accidents in all the Nikon Group in Japan attributed/ related to work*3 to less than 40	Nikon Group in Japan	There were 38 occupational accidents in the Nikon Group in Japan attributed / related to work	○	▶P110		
	Priority Issue 10	Strengthening compliance	Dissemination of the Nikon Code of Conduct	Implement the training on the new Nikon Code of Conduct (revised in January 2018) at Nikon and all of the Group companies	Nikon Group	Implemented training for all employees at Nikon and all Group companies to disseminate the revised Nikon Code of Conduct	○	▶P115
			Improvement of the reporting and consulting system	Collect and analyze information related to the introduction of the external contact points handled by a specialist firm in the Asian region	Nikon Holding Hong Kong Limited / Group companies in Asia and Oceania	Reviewed the framework of the reporting and consulting system, and collected and analyzed information on the contact points handled by specialist hotline firms in the Asian region	○	
	Priority Issue 11	Ensuring effective governance	Implementation of measures based on the results of the evaluation of the effectiveness of the Board of Directors	Consider the establishment of a voluntary nominating committee	Nikon	Established a Nominating Committee in May 2019 to make the process of election and removal of directors and officers, including the President, more transparent	○	▶P121
				Further expand the activities of the Board of Directors, including having the Board discuss the Medium-Term Management Plan from the draft plan formulation stage	Nikon	Further expanded the activities of the Board of Directors, including having the Board discuss the Medium-Term Management Plan continuously from the draft plan formulation stage and engage in environmental analysis utilizing external knowledge from time to time	○	
Strengthening of risk awareness and management			Implement risk analysis covering the entire Nikon Group and ensure linkage between related departments	Nikon Group	Implemented risk visualization using different perspectives than those used in the past, such as risk maps for each division. Provided prompt feedback to related departments after completion of reporting to the Risk Management Committee	○	▶P127	

*1 The numerical targets were adjusted in order to revise the definition of "management positions" accompanying the revision of the HR management system that was implemented in April 2018.

*2 Overtime is defined as the number of hours obtained by deducting the statutory working hours per month (i.e. 40 hours × the number of days in the month ÷ 7) from the total number of hours worked per month (including work performed on weekends and public holidays etc., but excluding annual paid leave, absence without leave, and compensatory days off).

*3 Excluding traffic accidents while traveling on business, and excluding accidents involving falls etc. where the accident was mainly due to individual carelessness.

Targets for the Medium-term and the Year Ending March 31, 2020 [Summary]

Priority Issue		What We Intend to Achieve	Medium-term Targets [Target year]		Targets for the Year Ending March 31, 2020		Related SDGs	
			Indicator	Scope	Achievement Indicator	Scope		
Contributing to society through business activities	Issue 1	Solving social issues by using opto-electronics technologies	Contribution to realizing Goal 9 of the SDGs	Provide products and services that embody digital manufacturing, and contribute to a monodzukuri (manufacturing) reform [by the fiscal year ending March 31, 2024]	Nikon Group	Allocate resources according to the role played within the overall business portfolio	Nikon Group	3.4/ 8.2/ 9.1/9.4/9.5
	Issue 2	Challenging toward innovation	Effective R&D	Complete the development of autonomous process optimization functionality for all production process systems, from product design through manufacturing to quality assurance [by the fiscal year ending March 31, 2024]	Nikon Group	Implement analysis of factors affecting quality across the entire production process	Nikon Group	8.2/ 9.4/9.5
			Creation of new businesses with faster launch speed through open innovation	Reduce development costs by around 1 billion yen through the establishment of a framework for Group-wide start-up investment, coordination and commercialization incubation, and through the establishment of concepts for new business development [by the fiscal year ending March 31, 2022]	Nikon Group	Improve the framework for new business creation projects that was in use up until the fiscal year ended March 31, 2019, and provide support for exit (commercialization) for three projects	Nikon Group	
			Creating new businesses	Create several new businesses that can serve as new drivers of revenue growth [by the fiscal year ending March 31, 2024]	Nikon	Establish, and optimize the operation of, a framework for new business evaluation and cultivation	Nikon	
	Issue 3	Improving product and service quality	Ensuring product and service quality for customers through effective utilization of IoT/ AI technology	Overhaul relevant systems with the aim of strengthening quality management for products and services that make effective use of IoT or AI technology [by the fiscal year ending March 31, 2026]	Nikon Group in Japan	Formulate product security standards	Nikon Group in Japan	12.4/12.5/ 12.6
			Realization of high-level quality optimization determination	Development of a comprehensive management system for internal and external information such as manufacturing information and customer data [by the fiscal year ending March 31, 2026]	Nikon Group	Implement surveys of leading-edge case studies and social trends	Nikon Group in Japan	
Responding to environmental issues	Issue 4	Promoting a low-carbon society	Reduce CO ₂ emissions throughout the entire supply chain by 26% compared with the fiscal 2013 level by 2030	Reduce greenhouse gas emissions [by the fiscal year ending March 31, 2031]	Nikon Group	Reduce CO ₂ emissions from energy consumption by at least 1% compared to the fiscal year ended March 31, 2019	Nikon Group	7.2/7.3/ 13.1/13.3
						Create plan and implement measures for renewable energy		
						Submit SBT for validation		
						Promote environmental impact assessment that uses the LCA methodology		7.2/ 7.3/ 13.1/13.3
						Create Eco-friendly Products		
						Reduce CO ₂ emissions by 2.7% compared to the fiscal year ended March 31, 2019		
	Reduce environmental impact from transportation [by the fiscal year ending March 31, 2031]		Improve the loading ratio of international logistics and promote modal shifts					
			Increase the efficiency of logistics routes in Japan					

Targets for the Medium-term and the Year Ending March 31, 2020 [Summary]

Priority Issue	What We Intend to Achieve	Medium-term Targets [Target year]		Targets for the Year Ending March 31, 2020		Related SDGs
		Indicator	Scope	Achievement Indicator	Scope	
Responding to environmental issues Issue 5 Promoting resource circulation	Work to further increase resource efficiency and strive to reduce waste by increasing the usage of resources with fewer environmental impacts during business activities	Continue to maintain a zero-emissions level [by the fiscal year ending March 31, 2031]	Nikon Group	Maintain Level S	Nikon / Group manufacturing companies in Japan	6.3/ 12.2/12.5
				Maintain Level 1	Group manufacturing companies in China	
				Implement initiatives in line with conditions of country	Group manufacturing companies outside Japan	
		Less than emissions of the fiscal year ended March 31, 2019		Nikon / Group manufacturing companies in Japan		
		Examine emission reduction measures		Group manufacturing companies outside Japan		
		Implement measures to recycle chemical substances		Nikon / Group manufacturing companies in and outside Japan		
	Promote less water consumption and promote resource circulation suited to local regions such as effective use of rainwater and groundwater, and reuse of waste water. Work positively towards water risk measures	Implement appropriate, effective water use that is suited to local conditions [by the fiscal year ending March 31, 2031]	Nikon Group	Decide on measures to improve water use efficiency	Manufacturing facilities	
Make efforts throughout the product life cycle to achieve a resource circulating society, taking into account the impacts that products have on the environment from the initial planning stage onwards	Implement "Reduce, Reuse, Recycle" measures with respect to products, components and materials [by the fiscal year ending March 31, 2031]	Nikon Group	Promote the reuse and recycling of products, parts and materials	Nikon Group		
Issue 6 Contributing to a healthy and environmentally safe society	Aim to maintain the natural environment of communities and provide comfortable living environment	Reduce the environmental impact of chemical substances [by the fiscal year ending March 31, 2031]	Nikon Group	Comply with the Nikon Group Chemical Substance Management Guidelines	Nikon Group	12.4/ 15.2
		Continue to safeguard the environment in the vicinity of Nikon facilities through community activities [by the fiscal year ending March 31, 2031]		Implement activities that make a contribution to the local community, taking into account biodiversity in line with business activities and local needs		
	Comply with the laws, ordinances and regulations of the countries and regions where we operate, and also establish our own voluntary targets to ensure the appropriate management of the use of chemical substances	Continue to implement effective chemical substance management by continuing to comply with laws and regulations governing harmful chemical substances in each country, and through voluntary targets [by the fiscal year ending March 31, 2031]	Nikon Group	Maintain compliance with the hazardous chemical substances laws and regulations of each country (RoHS, REACH, etc.)	Nikon Group	
	Maintain and manage the Environmental Management System in the supply chain	Have all procurement partners that are subject to auditing obtain environmental partner certification. Utilize auditing to complete verification that CO ₂ emission reduction targets are met [by the fiscal year ending March 31, 2022]	Nikon Group / Procurement partners	Decide on measures for Company-own outsourced parts	Nikon Group	12.4

Targets for the Medium-term and the Year Ending March 31, 2020 [Summary]

Priority Issue	What We Intend to Achieve	Medium-term Targets [Target year]		Targets for the Year Ending March 31, 2020		Related SDGs	
		Indicator	Scope	Achievement Indicator	Scope		
Strengthening CSR foundation	Issue 7 Strengthening supply chain management	Integrated management of the supply chain	Establish procurement data foundations [by the fiscal year ending March 31, 2021] Create a procurement partner database Establish business continuity planning (BCP) functionality	Nikon Group / Procurement partners	Establish procurement data foundations (Commence full-scale operation of a centralized management system)	Nikon Group / Procurement partners	8.7/8.8/ 12.4/ 12.7/ 12.a
		Responding to important issues affecting the supply chain	Increase the number of CSR surveys and audits beyond the current level through effective utilization of the RBA framework [by the fiscal year ending March 31, 2021]	Nikon Group / Procurement partners	Undertake a survey of RBA certification status based on Nikon Group procurement partner data	Nikon Group / Procurement partners	
			Include tier 2 suppliers within CSR procurement management [by the fiscal year ending March 31, 2023]		Implement CSR surveys as part of the selection process for new procurement partners		
	Implementation of surveys and due diligence in relation to the countries of origin of conflict minerals	Implement conflict minerals surveys of all products that are subject to EU regulations [by the fiscal year ending March 31, 2022]	Nikon Group / Procurement partners	Establish a conflict minerals survey framework in the business units and subsidiaries that have not conducted the surveys.	Nikon Group / Procurement partners		
		Automate the conflict minerals surveys, and also the data aggregation of the survey results [by the fiscal year ending March 31, 2022]		Automate the data aggregation of the conflict minerals survey results.			
	Issue 8 Respecting human rights	Minimization of human rights risk through steady implementation of human rights policy	Establish a framework for identifying emerging human rights risk, and implement improvements appropriate to the issues [by the fiscal year ending March 31, 2022]	Nikon Group	Conduct human rights training in all Group companies Conduct RBA questionnaire survey at overseas manufacturing sites and examine any gaps with the RBA Code of Conduct to consider appropriate measures if necessary.	Nikon Group	10.2/ 16.1/16.2
			Produce numbers of "graduates" from the new engineer basic training system [by the fiscal year ending March 31, 2024]	Nikon	Establish an engineer basic training system (for engineers who have been working at the company for three or four years) able to cultivate engineers with a broad outlook	Nikon	
	Issue 9 Promoting the success of diverse employees	Promotion of female empowerment on an ongoing basis, with the setting of minimum quotas for recruitment of female employees and an increase in the number of female managers	Increase the number of female managers by at least 20% compared to the situation on March 31, 2019 [by the fiscal year ending March 31, 2022]	Nikon	Increase the number of female managers by 6%	Nikon	5.1/5.5/ 8.5
			Maintain the ratio of females recruited through the regular annual recruitment process at 25% or higher [by the fiscal year ending March 31, 2022]		Increase the ratio of females recruited through the regular annual recruitment process to at least 25%		
Promotion of the employment of people with disabilities, and provision of support to help employees with disabilities maximize their potential		Increase the employment of people with disabilities rate for the Nikon Group within Japan to at least 2.3% [by the fiscal year ending March 31, 2022]	Nikon Group in Japan	Achieve the statutorily required number of employees with disabilities	Nikon Group in Japan		
Realization of a working environment in which employees can work safely and healthily		Strengthen safety management systems, including systems at Nikon Group manufacturing companies outside Japan [by the fiscal year ending March 31, 2024]	Nikon Group in Japan / Group manufacturing companies outside Japan	Formulate a Nikon Group Health and Safety Activities Policy, the scope of which includes Nikon Group companies outside Japan Reduce the incidence of occupational accidents in the Nikon Group within Japan that are attributable to or related to work to 40 or less per year	Nikon Group Nikon Group in Japan		

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Targets for the Medium-term and the Year Ending March 31, 2020 [Summary]

Priority Issue			What We Intend to Achieve	Medium-term Targets [Target year]		Targets for the Year Ending March 31, 2020		Related SDGs
				Indicator	Scope	Achievement Indicator	Scope	
Strengthening CSR foundation	Issue 10	Strengthening compliance	Sustained compliance with the Nikon Code of Conduct	Provide annual training based on the Nikon Code of Conduct, to raise the dissemination of training activities, as reflected in the latest awareness survey [by the fiscal year ending March 31, 2023]	Nikon Group	Continue to implement training on a global scale to instill awareness of the Nikon Code of Conduct	Nikon Group	16.3/16.5
	Issue 11	Ensuring effective governance	Strengthening of the effectiveness of the Board of Directors	Implement period evaluation of the effectiveness of the Board of Directors, and establish a cycle of identifying key issues and implementing related improvement strategies with the aim of strengthening the effectiveness of the Board of Directors [by the fiscal year ending March 31, 2022]	Nikon	Establish a Nominating Committee in May 2019, and have it commence operation	Nikon	—
			Reduction of the incidence and impact of risk	Overhaul the procedures and management system used by the Risk Management Committee, at every stage from risk identification to improvement measures, so as to strengthen risk awareness and risk management [by the fiscal year ending March 31, 2022]	Nikon Group	Conduct interviews about the measures for addressing the top priority risks of the latest risk identification survey by the Risk Management Committee	Nikon Group	
			Realization of the appropriate management of personal data through an advanced information security management system	Put in place a system for preventing, in advance, regulatory violations that are accompanied by fines, by ensuring compliance with not only the General Data Protection Regulation (GDPR) in the EU, but also China's Cyber Security Law and personal data protection laws, etc. in other countries [by the fiscal year ending March 31, 2024]	Nikon Group	Maintain compliance with the GDPR, and put in place a system for preventing, in advance, any violations that would be accompanied by fines	Nikon Group	

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Contributing to Society through Business Activities

Priority Issues

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Priority Issue 1 Solving Social Issues by Using Opto-electronics Technologies



Reason for Priority

Companies are considered public institutions and have a responsibility to develop in partnership with society through transparent and fair activities. Moreover, in recent years, amid the emergence of global level social issues, companies are required to solve these issues through business and contribute to the realization of a sustainable society.

Nikon Approach

Nikon celebrated its 100th anniversary in 2017 and established its vision to “Unlock the future with the power of light.” Based on this determination, we aim to solve social issues and achieve further growth for the Nikon Group by improving core technologies with a focus on opto-electronics and precision technologies, which has so far produced cameras and lithography systems. In addition, we will establish systems that can respond promptly to precise needs and continue expanding the areas in which we can contribute to society by diversifying the utilization of opto-electronics and precision technologies as in the commercialization of materials processing and components.

Contributing to Society based on Core Technologies

In accordance with our Sustainability Strategy, we will provide new value and contribute to solving social issues through Nikon's technical capabilities which are based on opto-electronics and precision technologies.

Contributing to the Achievement of the SDGs

The Nikon Group has provided value to society by creating long-trusted products and services based on advanced technology under the concept of "Trustworthiness and Creativity" in our corporate philosophy. Opto-electronics and precision technologies, Nikon's core technologies, form the center of these technical capabilities.

In opto-electronics technologies, we have continued to manufacture microscopes to achieve high magnification and resolution since the time of our establishment based on such areas as optical and material technologies, contributing to the development of science. We have also contributed to the development of visual culture by providing highly reliable cameras that are sure to capture lasting moments as well as services that bring joy from images. Communication through images has become popular, and people share their emotions and happiness through pictures every day.

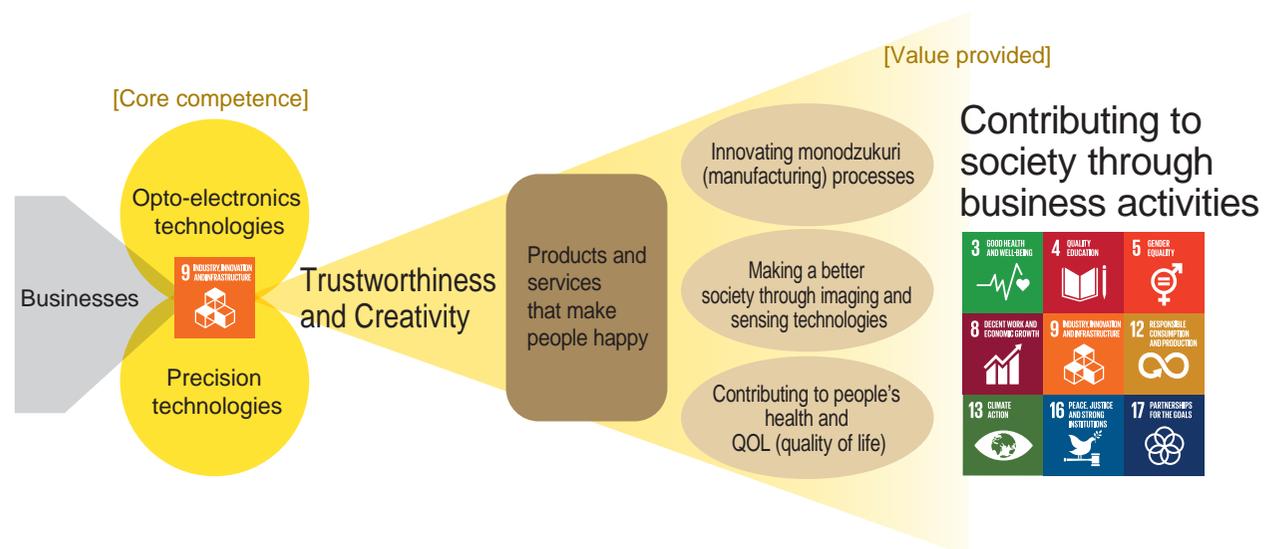
In precision technologies, we have realized high precision and high definition for devices such as semiconductors and FPDs based on our proprietary precision measurement and manufacturing technologies and optical technologies, contributing to the development of new technologies and industries. In recent years, technical innovations such as AI and IoT have brought new values and major changes to society, and Nikon has supported such technical innovation. Going forward, the Nikon Group will contribute to people's happy lives and the development of technologies and

industries to support these happy lives while aiming to embody the determination to "Unlock the future with the power of light" contained in Our Vision and realize a future that is developed by society and companies in partnership. We will also adopt this approach in our Sustainability Strategy (Value Creation Process) and contribute to the achievement of the SDGs.

Specifically, while implementing our Medium-Term Management Plan (announced May 2019), we will refine our core competence with a focus on opto-electronics and

precision technologies with the aim of contributing to SDGs Goal 9 "Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation." In addition, as the individual goals of the SDGs are interconnected in complex ways, we believe that actively developing business using Goal 9 as a leverage point will support the achievement of other connected goals like a domino effect and increase our level of contribution to the SDGs overall.

Providing Value and Contributing to the SDGs through Business



Contributing to society through business activities



Examples of Products and Services that Contribute to “Forming a Platform for Industrial and Technical Innovation”

Optical Processing Machines Contributing to Monodzukuri (Manufacturing) Innovation



In April 2019, Nikon announced the release of the optical processing machines “Lasermeister 100A,” which performs a variety of metal processing with simple operation.

Nikon has long been involved in the development, manufacturing and sales of semiconductor lithography systems known to be the “most precise machinery in history.” By drawing on the technology cultivated for lithography systems, Nikon realized a high quality, smaller sized and less expensive optical processing machines.

In recent years, manufacturing sites have been required to implement automation and mass customization against the background of labor shortages caused by the return of production to developed countries and a diversification in individual values. The optical processing machines, which meets the diverse metal processing needs of customers, is a product that can contribute to solving these problems. The Nikon Group has indicated a policy of focusing on the material processing business, including optical processing machines, in our Medium-Term Management Plan. Furthermore, we will continue contributing to industrial development over the long term by expanding the digital manufacturing area, including the material processing business.



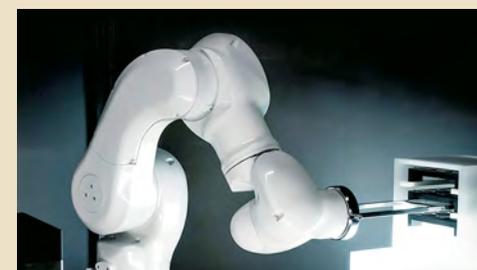
“Lasermeister 100A” (white, black)

Encoders that Support the Evolution of Robots



The encoder is a key part that is mainly embedded in the joint of the moving part of the robot arm to support the precise movement of the robot. The miniaturization and slimming of encoders has brought about the evolution of robots to achieve more complex movements.

Using robots in industry raises production efficiency and quality and is also paving the way to the achievement of the smart factory and the eco factory. Moreover, if robots evolve and people are able to work safely even in the same space as robots, robots will be able to make up for labor shortages and take over dangerous work. Using its proprietary technology, Nikon has made miniaturization and high reliability of encoders compatible. Nikon boasts the top share of the global market for encoders for use in robots*. The many Nikon encoders are contributing to the development of people- and environment-friendly production.



A robot with an embedded Nikon encoder



The exterior of the main body (right) and the interior disk (left) of the multi-turn absolute encoder “MAR-M50A”

*Based on Nikon research

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Contract Cell Manufacturing Aiming for the Early Development of Regenerative Medicine



Regenerative medicine regenerates organs and cells to restore lost functions. The use of somatic stem cells as well as iPS cells, promises medical breakthroughs, including treatments for intractable diseases for which a cure is yet to be found. However, commercialization requires creation of quality and safety evaluation standards and establishment of management procedures in manufacturing processes.

Nikon has been selling cell culture observation systems since 2007, providing solutions that support quality evaluation for iPS cells. In 2015, we also concluded a strategic business alliance agreement in Japan with Lonza, the world's largest contract manufacturer for regenerative medicine, and Nikon CeLL innovation Co., Ltd. has been providing contract cell manufacturing services.

Nikon will contribute to the commercialization of regenerative medicine in Japan through the expansion of our contract cell manufacturing business leveraging our own technology while incorporating Lonza's know-how in the area of high quality cell manufacturing technology. Furthermore, Nikon is developing the requisite equipment and consumables for the optimization of high quality cell manufacturing in preparation for major advances in the regenerative medicine market using iPS cells. We will provide total solutions, including hardware and software, from Japan to the world.



Contract cell manufacturing for regenerative medicine

Priority Issue 2 Challenging toward Innovation



Reason for Priority

While technical innovation is making life convenient and comfortable, social issues have become more complex and profound. In this environment, companies are expected to innovate in order to create innovative products and services that lead to solutions for social issues. Also integrating diverse technologies and ideas to create new products and services is essential for companies to survive and develop amid accelerating development of technology.

Commitment

Under our corporate philosophy of “Trustworthiness and Creativity,” the Nikon Group will address a variety of social issues and needs, leveraging opto-electronics and precision technologies, our core technologies. Under our Medium-Term Management Plan announced in May 2019, we set out “digital manufacturing,” “vision systems/robotics,” and “healthcare” as the areas of long-term growth for the Nikon Group, and we identified the material processing business within the digital manufacturing area as a central theme during the period of the Medium-Term Management Plan. In recent years, the environment surrounding the manufacturing industry has changed significantly, including the transformation of manufacturing due to AI and IoT and labor shortages and the accompanying increasing need for automation due to the return of production to developed countries. In this environment, the Nikon Group will further enhance the value of the technology that we have cultivated in the past through research and development. We will also actively embrace technologies and ideas from inside and outside the company through such means as open innovation to bring about innovation that creates new value.

Toshikazu Umatate

Representative Director, President and CEO, Chairperson of the Technology Strategy Committee

System

- Technology Strategy Committee

What We Intend to Achieve in 3 to 5 Years	Targets for the Fiscal Year Ended March 31, 2019	Results	Scope
Promotion of open innovation	Create business plans and support for start-ups through the Nikon Intrapreneur Program	Creating three themes from Nikon Intrapreneur Program and supporting start-ups. Also identifying areas for improvement from the issues with the recently implemented program and continually promoting framework for new business creation activities.	Nikon
	Screening of venture companies with synergies with Nikon, review of business plans and investment from funds	Newly invested in 3 companies and made additional investment in 1 company. In addition to making preparations for the future, results also appeared, including completion of joint development with one company we invested in.	
Creating new business	Creating a business to address new needs for optical and precision instrument components	Taking advantage of alliances, etc. and gradually expanding business areas from semiconductor lithography systems peripherals into all optical and precision equipment components (e.g.: Optical processing machines).	Nikon
Creation of a framework to develop core technologies and to utilize them across all businesses (effective research and development)	Create a technical information management system that can be used throughout the entire Nikon Group	Created the platform for a technology information management system.	Nikon Group

Nikon's Approach to Innovation, and our Innovation Framework

The Nikon Group is putting in place the framework needed to stimulate innovation so that it can serve as a driver for providing new value for society and enhancing our corporate value.

Our Basic Approach to Innovation

For the Nikon Group, generating continued innovation by making effective use of our core technologies – opto-electronics and precision technologies – enables us to contribute towards the resolution of social issues, while also being an important strategy for enhancing corporate value.

The Nikon Group views R&D and open innovation as key foundations for stimulating innovation on an ongoing basis.

Foundations for Fostering Innovation

- **Using our core technologies as the basis for undertaking R&D across a wide range of fields**

Taking our long-term technology strategy as the foundation for promoting R&D on technologies that we have cultivated in the past and technologies related to these, as well as necessary new technologies

- **Using open innovation to explore new ideas and concepts**

Framework which promotes collaboration with partners including those both inside and outside the company to provide a wide range of new products and services, and which accelerates new product development and new business establishment

Our Framework for Driving Innovation

Within the Nikon Group, individual business units and individual Group companies coordinate their efforts to undertake innovation.

In the area of R&D, Nikon has established a Research & Development Division, which undertakes the development of technologies that can be shared across business units, as well as future technologies. The Business Development Division promotes the seamless utilization of technologies and human talent within the Nikon Group, and also works to create and cultivate new business areas.

Our framework for driving open innovation includes not only corporate venture capital (CVC) investment, but also direct investment in start-up firms through the establishment of a private fund. We are continuing to put in place new arrangements for providing support and incubation for start-ups and employees that have developed technologies or ideas that have potential.

Effective Research and Development

Since its founding Nikon has been advancing its research and development with a focus on opto-electronics and precision technologies. The technologies that we have cultivated over the years have been a wellspring of innovation, and by developing them and applying them in new areas, we are creating new value.

Basic Approach to Research and Development

With our core technologies — opto-electronics and precision — as a foundation, Nikon is conducting R&D in wide-ranging areas of technologies, such as optical, precision measurement and manufacturing, image processing, materials, and software and systems. At the same time, Nikon also undertakes research and development in new fields, such as the latest artificial intelligence (AI) technology and work to develop new technologies that are needed in fields offering long-term growth potential, as defined in our Medium-Term Management Plan.

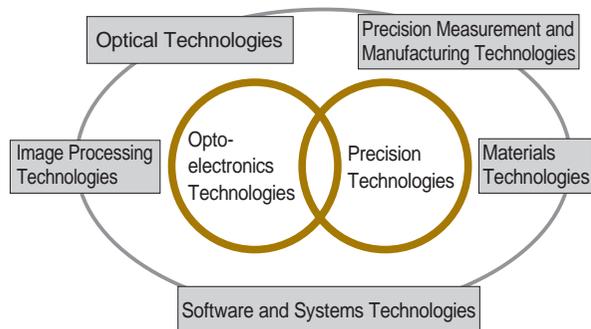
Our Framework for Research and Development

At Nikon, research and development is carried out within relevant Divisions (such as Research and Development Division) and Business Units (such as Imaging Business Unit). In the relevant Divisions, research and development is carried out on technologies common to multiple business units and future technologies. For example, in regard to opto-electronics technologies, which is one of Nikon’s core technologies, research and development is conducted on a series of technologies from theory, design to production by the R&D-related Divisions. On the other hand, the Business Units are engaged in specialized types of research and development on projects to achieve specific product specifications. Furthermore, Nikon is actively conducting research through joint research projects with universities and partnerships with venture companies as well as within the company.

Creating a Platform for Sharing Technology

Nikon is putting in place the foundations needed for sharing technology horizontally across the R&D-related Divisions and Business Units, throughout the company. Besides helping to strengthen our overall technology capability, these foundations also have an important role to play in linking customer needs with innovation “seeds.” In the fiscal year ended March 31, 2019, we established new system architecture with the aim of realizing effective management of technology information within the Nikon Group. By adopting new tools that provide first-class Big Data processing, we derive new perspectives from a wide variety of data and ensure effective utilization of innovation “seeds.” We are currently proceeding with optimization work to create a technology information management system that is best-suited to our corporate environment.

Nikon Group’s Core Technologies



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Research and Development Initiatives

R&D with a Focus on Information Processing Technology

Nikon's research and development activity is focused on information technology, including AI which has developed rapidly, especially in recent years. Nikon is promoting research and development so that AI can be used not only in products but also within the production process.

In the fiscal year ended March 31, 2019, Nikon began operation of shared AI servers, to enable the efficient, effective utilization of AI. We are also continuing to improve our IT environment to facilitate the use of open-source software in addition to software developed in-house.

Nikon's cutting-edge research has led to the publication of research papers on topics such as high-resolution imaging, some of which have won awards from external organizations.

Technology Strategy Committee

Nikon's Technology Strategy Committee formulates technology strategy for the company's Medium-Term Management Plan.

Based on examination of social and market trends, the Technology Strategy Committee draws up technology strategy for developing new technology fields that Nikon should be focusing on, and for enhancing Nikon's competitiveness in existing business areas, and formulates R&D plans tailored towards the realization of this strategy. The Technology Strategy formulated by the Technology Strategy Committee in the fiscal year ended March 31, 2019 was reflected in Nikon's Medium-Term Management Plan for FY2019 – FY2021.

Promotion of Open Innovation

Nikon is actively seeking to innovate and to respond to new needs by utilizing opto-electronics and precision technologies cultivated over many years in combination with ideas and knowledge from both inside and outside the company.

The Open Innovation Approach

In today's world of rapidly diversifying needs and technological innovation, companies need to strategically find a way to bring about innovation. In the Open Innovation initiative advocated by Nikon, each business unit collaborates with various partners with the aim of creating new businesses and expanding existing business areas.

Furthermore, Nikon will formulate medium- and long-term technology strategies for the entire Group, and through strategic alliances and M&A with suitable partners Nikon will endeavor to branch out into new business areas.

Additionally, innovation is often born from a strong will to solve social problems.

By operating an effective program to support start-up firms and employees who have a strong commitment of this kind and have the ideas needed to develop firm business plans, Nikon will continually achieve innovation while solving and addressing issues in society.

CVC(Corporate Venture Capital)

Nikon has built an extensive network through investment in several global venture capital firms. As a result, every year Nikon is able to examine opportunities for collaboration with over 300 promising start-up firms from all over the world that possess cutting-edge technology or unique business models. In addition, when evaluating start-up firms, Nikon benefits from the different perspectives of venture capitalists and other experts, which facilitates speedy assessment and reduces the time needed to complete related business processes from initial investigation through to evaluation.

Nikon-SBI Innovation Fund

In collaboration with SBI Investment, Nikon has established a private fund, the Nikon-SBI Innovation Fund. The fund aims to invest directly in Nikon's existing business fields and in start-up firms involved in the latest technologies and services such as IoT, AI and robotics. The maximum size of the fund is expected to be 10 billion yen, with investment targets spanning the full range from seed-stage businesses (companies in the preparation stage) and early-stage businesses (start-ups) through to later-stage businesses (prior to exit).

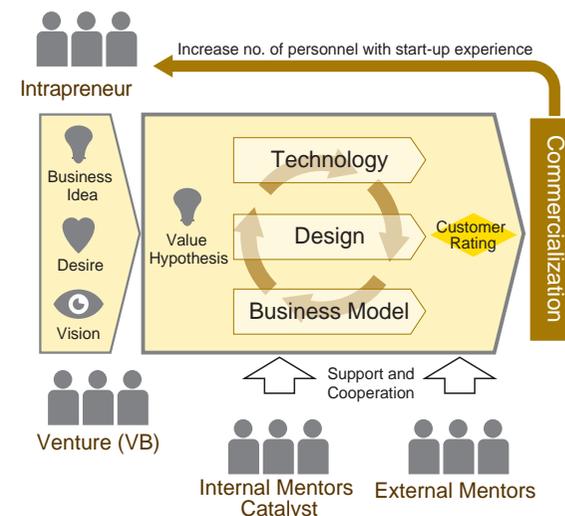
Through the Nikon-SBI Innovation Fund, Nikon is able to invest directly in start-up firms, making it possible to realize alliances for collaborative development, etc., as well as facilitating the provision of business support for invested companies, and accelerating the development of new Nikon products and the creation of new businesses by Nikon.

CAP(Corporate Accelerator Program)

Nikon runs a Corporate Accelerator Program (CAP) that provides funds for, and assists and fosters venture companies with technological strength and promising business plans, as well as teams inside the company who are still in the R&D phase.

Nikon's CAP comprises two elements: the Venture Support Program and the Nikon Intrapreneur Program.

How CAP Works



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Venture Support Program

By making it possible for Nikon to work together with venture companies, this initiative leads to the creation of contact points with markets and customers that previously didn't exist, and helps to support innovative employees within the company. For those companies that were awarded CAP Best Awards and Excellence Awards in 2017, Nikon personnel accompanied the venture companies on their visits to customers and discussed commercialization ideas with them for a period of about six months.

Nikon will continue to promote innovation in the commercialization process and the creation of new businesses through the Venture Support Program.

The Nikon Intrapreneur Program

In the fiscal year ended March 31, 2018, Nikon launched a new program for employees called the Nikon Intrapreneur Program (NIP). This program for cultivating intrapreneurs provides motivated employees with opportunities for learning and growth.

The first round of the NIP was launched in January 2018, with more than 130 ideas being submitted from within Nikon. Of these, three business plans were ultimately adopted for implementation through to the exit stage, and these projects are now being commercialized.

It is anticipated that a second round of the NIP will be launched in the fiscal year ending March 31, 2020, with the aim of achieving a level of project commercialization that matches that of the first round. To this end, we are making effective use of social media within the company, and providing opportunities for the discussion and exchange of ideas on an ongoing basis. In addition, besides using the results achieved in the first round to enhance an educational program that includes training for intrapreneurial talent and related workshops, we are also arranging internal and external mentors for the intrapreneurs, with the aim of building an environment conducive to the generation of even more ideas.



The NIP Awards Ceremony



Panel discussion by NIP participants who passed the review process

Collaboration with Start-up Firms

Nikon is working to invigorate communication and exchange with venture company start-ups, with the aim of further promoting collaboration with external partners on new business creation. In concrete terms, this involves investment in start-up firms, implementation of joint R&D, and the building of linkages between start-up firms and individual Nikon business units.

While expanding activity in the fast-growing healthcare sector, we are also speeding up research in areas related to our existing business areas such as imaging and industrial equipment businesses, through collaborative R&D with a number of invested firms.

In the fiscal year ended March 31, 2019, we collaborated with Accuthera Co., Ltd. on the joint development of a high-energy X-ray source for use in non-destructive testing; this new technology was showcased at the 2019 Conference on industrial Computed Tomography (ICT 2019) in Italy. By miniaturizing the focal spot size, this X-ray source makes it possible to view the inside of engines and jet engine turbines with high resolution. In the future, experiments with this technology will continue at the National Institute of Advanced Industrial Science and Technology (AIST), with the aim of expanding the scope of device applications. Nikon has also invested in collaborative robot firm Veo Robotics, Inc., to expand the scope of new technology fields. At the same time, we have also begun to undertake collaborative R&D with Exvission Corporation, a firm that possess high-speed image processing technology. By collaborating with multiple firms, Nikon is able to accelerate the pace of new product development and new business establishment.

Column

A Programming Class for Primary School Children that Uses a Communication Robot

Collaborating with Unirobot Corporation, Nikon has launched a new kind of programming class for primary school children. Unirobot, which has received investment from Nikon through the Nikon-SBI Innovation Fund, has developed a communication robot (social robot) business.

Responding to the move to make programming classes for primary school children in Japan compulsory starting from 2020, the aim is for Unirobot to put this project on a commercial footing using technology that has already had its effectiveness proven through verification testing.

In the fiscal year ended March 31, 2019, this programming class was held twice. A total of 22 primary school children and pre-school children took part; the children enjoyed learning programming in a way that involved robots, and enjoyed chatting with the robots.

In the future, Nikon will continue to work together with Unirobot Corporation to explore new kinds of value that communication robots can provide and new usage fields, with the aim of providing products and services that stimulate children's curiosity and strengthen their interest in technology.



Communication robot "Unibo"



Programming class for primary school children

Collaboration with Universities, Companies and Other External Organizations

Nikon is actively working with outside parties with the CVC, cooperation with private funds and venture capital firms, as well as with the Corporate Accelerator Program and the Nikon Intrapreneur Program.

For example, Nikon is carrying out a joint research project on iPS cell quality and culture processes in relation to cell culture, with the Center for iPS Cell Research and Application, Kyoto University. Nikon is also engaged in a business and capital tie-up with Healios K.K., a world leader in regenerative medicine development utilizing iPS cells, etc.

Creating New Businesses

In order to respond to new markets and to customer's needs, we are working to further strengthen the Nikon Group's core technologies, while also putting in place the systems needed to generate new businesses efficiently.

Optimizing the Processes for New Business Evaluation and Cultivation

It is generally held that the probability of a new business concept being successfully commercialized is very low. Successful realization of new business development requires timely, precise concept selection and resource inputs.

In the past, the Nikon Group has undertaken new business development based on a variety of different concepts. However, it would be fair to say that, when seeking to commercialize concepts, we have not always been able to achieve appropriate evaluation and cultivation, with the decision to withdraw from unpromising projects often being delayed until too late a stage, and with project management that has been too heavily focused on the technology side, etc.

With this in mind, the Nikon Group is currently putting in place new processes for new business evaluation and cultivation, centered on the adoption of customer-focused evaluation criteria and a more open project review mechanism; we are creating a new framework for realizing the timely commercialization of concepts with real appeal.

A Strengthened System for the Development of New Businesses that has Opto-electronics Technologies as the Core Element

The Nikon Group is focusing on opto-electronics technologies, which constitutes our core technologies and putting in place the systems needed to accelerate the commercialization of new businesses. More specifically, the various design functions relating to optical solutions are being consolidated with the Optical Engineering Division while the optical devices production function is being consolidated into Tochigi Nikon Corporation, thus creating a framework that will enable us to respond precisely to the needs of different customers and realize more efficient production.

Under the system, we have also established the Precision Components & Modules Business Unit to realize a solution provider business that makes effective use of opto-electronics technologies. By coordinating the activities of individual business units, with the Precision Components & Modules Business Unit playing a central role, besides developing new optical component related markets and customers, we are also aiming to achieve technology integration and enhancement of overall technology levels throughout the Nikon Group. It will also be possible to make flexible adjustments in our production system from a company-wide perspective, taking into account the busy season and slack season for individual products, thereby enhancing overall monozukuri (manufacturing) efficiency. We are currently implementing measures to expand the scope of our component business beyond optical

engineering by making effective use of alliances. In the future, while aiming to integrate related technologies both within and outside the company, we will be working to further strengthen our component business and meet a wide range of needs on a global scale.

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Priority Issue 3 Improving Product and Service Quality



Reason for Priority

Ensuring that products and services that are widely utilized are safe to use is an important precondition for the continued development of society. In regard to the rapid evolution of new technologies such as the Internet of Things (IoT) and artificial intelligence (AI), quality assurance – including measures to ensure safety – is just as vital as ever. Besides safety, we also recognize meeting changing customer needs (in terms of lifestyles, values, etc.) as being an important aspect of quality enhancement.

Commitment

At the Nikon Group, we see ourselves as having a mission to contribute to the healthy development of society by realizing innovative, efficient monozukuri (manufacturing). Besides optimizing our production systems from an enterprise-wide perspective, we think carefully about every stage in the manufacturing process, from product planning, design and development onwards. The single most important issue here is quality assurance, which includes product safety and also making sure that products are environmentally-friendly. With the Quality Committee (which was established in September 2017) playing a central role, we are working to strengthen our quality management system and prevent quality issues from developing. In addition, in order to be able to respond effectively to customer needs, which are becoming diversified and more demanding, it is vitally important to ensure that customers' views, and the views of society as a whole, are strategically reflected in our business operations. Through the proactive utilization of open innovation and business alliances, we are striving to realize customer-focused manufacturing that can provide the products and services that the world needs.

Jun Nagatsuka

Corporate Vice President, General Manager of Production Technology Division

Activity Policies

- Basic Quality Policy

System

- Quality Committee

What We Intend to Achieve in 3 to 5 Years	Targets for the Fiscal Year Ended March 31, 2019	Results	Scope
Improvement of the quality management system	Number of serious product accidents related to safety*: 0	Number of serious product accidents: 0	Nikon Group
Improvement of the communication system with customers	Strengthen systems by actively listening to customers	At the Nikon Imaging Products Business, feedback is received from general and professional users worldwide through call centers, service counters, and NPS (Nikon Professional Services). After careful analysis, customer feedback is examined from a range of different perspectives. The results are reflected in our products and services leading to improved customer satisfaction	Nikon Group
Enhancement of employees' knowledge and skills training	Build a new quality management education system that strengthens the connection between employees' roles and work	We have put in place a new quality management education program that comprises required training for employees at each level and also specialist training aimed at the cultivation of experts in specific fields. Implementation of this new program began in the second half of the year, with a total of 447 personnel undergoing required training and 215 personnel receiving specialist training	Nikon Group in Japan

* Based on the definition of serious product accidents used in the Consumer Product Safety Act.

Nikon Monodzukuri (Manufacturing)

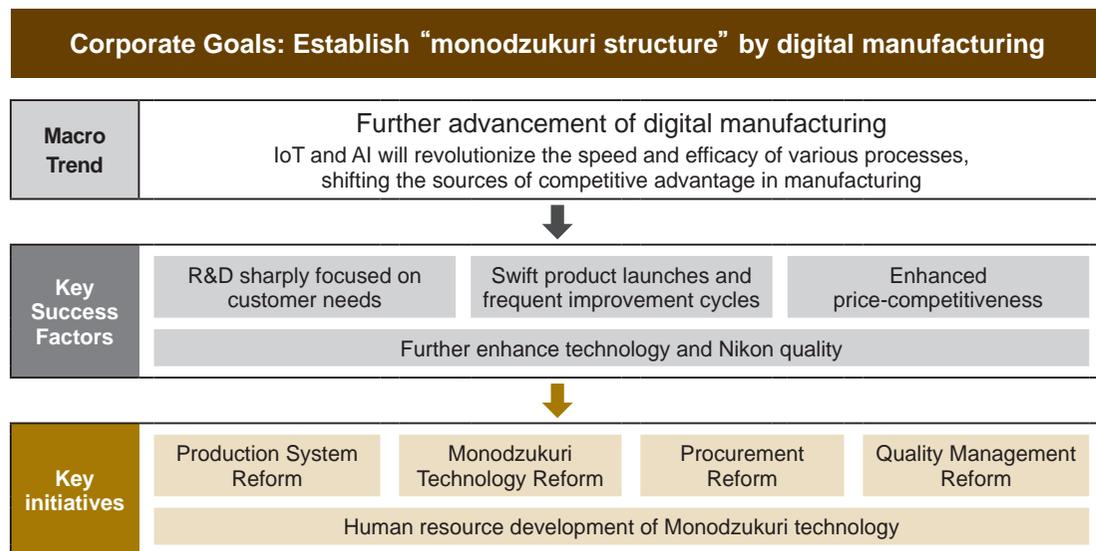
The Nikon Group provides products and services based upon the concepts of Customer Focus and Quality First.

Monodzukuri Reform

Monodzukuri Reform Initiatives

The Nikon Group manufactures a wide range of products from digital cameras to lithography systems. In order to be able to respond promptly to the increasingly diversified customer needs in each product segment, we are aiming to build a production system that incorporates the adoption of cutting-edge technologies, technology innovation and to strengthen linkages with external organizations. We are also implementing a monodzukuri (manufacturing) revolution that is broad in scope, and which includes procurement and quality assurance. In order to generate high levels of corporate value on an ongoing basis, Nikon's Production Technology Division is putting in place the new Monodzukuri System that was one of the goals enunciated in Nikon's Medium-Term Management Plan, which was announced in May 2019. We are building a Monodzukuri System that facilitates cross-business, group-wide coordinated management of manufacturing, and which embodies digital manufacturing. This will involve various types of reform, including production system reform, manufacturing technology reform, procurement reform, and quality management reform; we are already proceeding with the implementation of these reforms. Besides the horizontal diffusion of existing technologies, we are also expanding into new development fields, as we seek to bring about a dramatic enhancement of productivity.

Strengthening the Monodzukuri System under the Medium-Term Management Plan (Conceptual Image)



Ensuring Quality and Safety

In the Nikon Group, we believe that human resources cultivation is a vital foundation for supporting both quality and safety, and we have been focusing heavily on expanding our training programs.

By establishing effective governance in this area – including policy formulation and system establishment – we aim to ensure the quality and safety of our products and services.

Product Quality Control

Our Policy on Quality Control

The Nikon Group has established a Basic Quality Policy with the idea to contribute to the healthy development of society by supplying goods (products and services) that go beyond our customers' expectations.

Additionally, in order to carry through on this policy we have drawn up a Quality Control Directive (QCD).

This QCD encompasses the requirements of ISO 9001* accreditation, and we are implementing swift and appropriate revisions in response to changes such as with trends and situations happening in the world.

* ISO 9001
An international standard of quality management system established by the International Organization for Standardization (ISO). The ISO 9000 series is a quality management system for organizations to maintain and manage quality. ISO 9001 certification can be obtained from an officially recognized body.

Basic Quality Policy

Based on its corporate philosophy of "Trustworthiness and Creativity," Nikon has established the following Basic Quality Policy. It aims to provide products that exceed the expectations of customers and contribute to the healthy development of society.

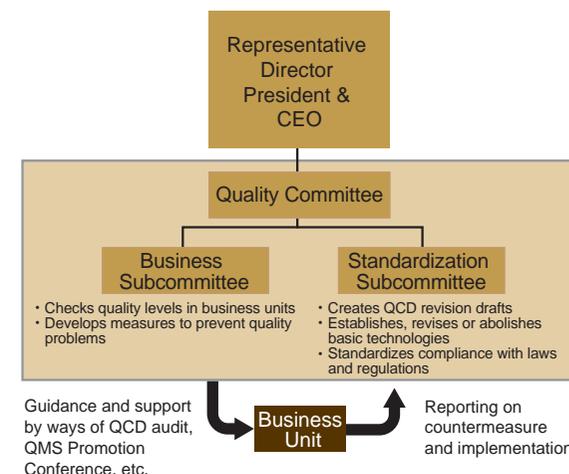
- (1) Through creative and efficient Monozukuri (manufacturing), enhance brand value and provide high-quality distinctive products to the market in a timely manner.
- (2) Provide safe and environmentally friendly products to earn the trust of customers and society.

Quality Management System

The Nikon Group has established a Quality Committee as an organization that deliberates and decides important matters related to quality control throughout the entire group. The committee is chaired by a director and executive officer, with division managers from each business unit serving as standing committee members.

Decisions made at the Quality Committee are shared at the QMS Promotion Conference which is held twice a year as a forum for exchanging information among all the business units. Based on this, each business unit reflects decisions made at the Quality Committee in its business processes, revising each QM where necessary, thereby strengthening the Quality Management System.

Image Diagram of Quality Management System



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Working with Our Business Partners

Cooperation from business partners is essential in order to promote efforts towards the idea of quality first. For that reason, based on their understanding of the Nikon Group's philosophy of 'Quality First,' the Nikon Group has concluded a quality assurance agreement with its partners working together on supply and product development. In the fiscal year ended March 31, 2019, we placed a particular focus on realizing thorough manufacturing requirements change management, in order to ensure regulatory compliance, which is of fundamental importance.

Small Group Activities

The Nikon Group believes it is essential that each and every employee holds a sense of awareness and that they look for ways to make improvements in their daily work in order to ensure a high level of quality. Because of this Nikon has been promoting small group activities since 1979. These types of activities have lasted for many years and have become embedded within the Nikon Group. In the fiscal year ended March 31, 2019, about 900 groups and 6,800 people worked in this way at the Nikon Group in and outside Japan, respectively. Furthermore, every year in July the Nikon Group holds select small group activity presentation meetings presided over by the company president, where the best activity groups from each region get together to talk and educate each other. In 2018, more than 130 employees participated in these meetings giving some wonderful



A Nikon Group select small group activity presentation in progress

presentations and activity ideas to improve activities in every region.

Quality Training and Raising Awareness

The Nikon Group believes it is imperative that each and every employee acquires the relevant knowledge and skills in quality control, tailored to the specific requirements of individual employees' positions, levels and specialties. Based on this idea Nikon is actively conducting in-house training and awareness programs with regards to quality, starting with the Nikon Group companies in Japan. In this way, we are aiming to enhance the overall level of all employees, and also to cultivate the capabilities of those employees who are identified as displaying particularly outstanding ability in this area.

In addition, in the fiscal year ended March 31, 2018, Nikon revised its training program related to QC for non-conforming product prevention and quality engineering, and organized it into an educational program that enables comprehensive learning on general statistical methods. In the implementation of this new training program in the fiscal year ended March 31, 2019, we decided on the details of the individual curriculums; various types of training that are compulsory for all employees falling within the scope of supervision of the Human Resources Development Department, Human Resources & Administration Division were provided for 447 employees, and specialist training programs for engineering staff falling within the scope of supervision of the Production Technology Division's Quality Management Section were provided for 215 employees. It is anticipated that the scale of training provision will be doubled in the fiscal year ending March 31, 2020. Furthermore, every year in November (Quality Month, organized by the Union of Japanese Scientists and Engineers), Nikon hosts the Quality Month Lecture where it invites lecturers who are knowledgeable about quality. In the fiscal year ended March 31, 2019, Professor Jun Fudano, who holds a professorship at both the Tokyo Tech Academy for Leadership (ToTAL) and the Institute for Liberal Arts,

Tokyo Institute of Technology, gave an address on the topic of Engineer Ethics 2.0. The lecture was attended by 56 Nikon company officers and employees and 38 representatives of Nikon business partners, who learnt about the important role that a positive attitude among engineers can play in supporting quality improvements.

Quality Education Programs for Employees (Applicable to: Nikon Group companies in Japan)

- Training programs that are compulsory for all employees:
 - "Basic Quality Control Training" for new employees
 - "TQM and SQC Training" for managers
 - "Quality Management Training" for senior managers
- Compulsory training for engineering staff
 - "Introduction to Statistical Methods" for mid-career engineering staff
- Specialist training for engineers
 - Basic Quality Control Course: Methods for using the seven basic quality control tools, CS education, etc.
 - Quality Improvement Activity Course: Leadership training for small group activities
 - Applied Quality Management Course: Control charts, experiment planning methods, multivariate analysis and other statistical methods, reliability engineering, etc.

Implementation of Quality Control Audits

The Nikon Group conducts a QCD audit, which is a company-wide quality control audit based on the QCD, and investigates, confirms and evaluates the operational status of quality management throughout the entire group. These audits are overseen by the Quality Committee's Business Subcommittee Chairperson (the director in charge of quality) who promptly acts to implement measures to rectify and improve upon any improper situations should they arise, thereby maintaining and improving activities related to quality control. Additionally, important findings are reported to the Executive Committee and reflected in internal controls. In the fiscal year ended March 31, 2019, Nikon conducted an audit of six major Group Companies using separate audit check sheets according to the circumstances of the audited organization. Nikon also makes continuous reviews in order to further enhance the effectiveness and efficiency of these audits.

Ensuring Safety of Products and Services

The Nikon Group gives due consideration to the safety of products and services from the planning stage right through the entire life cycle of the product. The number of serious product accidents relating to safety* for the fiscal year ended March 31, 2019 was 0.

*Serious product accidents related to safety: pursuant to the definition of serious product accident stipulated in the Consumer Product Safety Act

Views and Management Structure Regarding the Safety of Products and Services

When it comes to quality, the Nikon Group understands that safety is an essential component for products and services, and believes that the most important task is to provide customers with safe products. Based on this idea, Ensuring Safety is clearly stated as a key feature of the Basic Quality Policy. This is also incorporated into the QCD and regulations of every business unit and fully adhered to. In addition, Nikon is obliged to conduct safety assessments for all of its products and services. In line with the established Safety Design Principles which are based on international standards etc., we are carrying out safety designs to pin point and eliminate any potential risks and dangers. Nikon ensures safety through design reviews and checks in the manufacturing process and also obtains safety accreditation from third party certification bodies where necessary.

Safety Training on Products and Services

To ensure the safety of products and services the Nikon Group conducts safety training programs (general and specialized) for its employees through the Production Technology Division's Quality Management Section Quality Control Office.

Approximately 10 specialized training programs are regularly held throughout the year consisting of Safety Design Principles (General, EMC, and Laser Radiation), Product Liability Law, and Electrical Appliance and Material Safety Law, etc. Participants' knowledge is tested through questionnaires, etc., and we are constantly updating and improving the content of these specialized training programs while making efforts to incorporate specific case studies. About 350 employees from the Nikon Group participated in the specialized training programs in the fiscal year ended March 31, 2019.

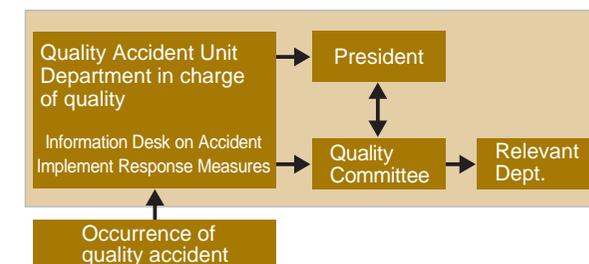
In addition, each business unit also conducts training on safety rules and regulations, and encourages participation in external training courses on safety design technology.

Procedure in Case of an Accident

The Nikon Group carries out planning, design, manufacturing, quality assurance, sales, logistics, and services with sufficient consideration to product safety. In the year ended March 31, 2019, a particular focus was placed on the management of chemical substances contained in products, and all divisions were instructed to perform related checks and adjustments. In the unlikely event that a safety-related problem should occur, we would immediately collaborate with relevant departments to confirm the facts. We would then promptly take necessary measures in line with the response procedure and disclose all information to prevent any similar incidents from reappearing.

In the fiscal year ended March 31, 2019, on the basis of issues that arose in the fiscal year ended March 31, 2018, we focused in particular on the management of chemical substances contained in products, aiming to strengthen and improve management levels in each unit.

Flowchart Outlining Communication after Accidents Occur



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Information for Using Our Products Safely

The Nikon Group carries out various initiatives to ensure that customers use its products and services safely. For example, information on correct usage and information to help safeguard against accidents due to misuse or carelessness is provided directly on the products themselves and in instruction manuals. Information which needs to be disclosed is stipulated in the Safety Design Principles, and its suitability is confirmed through product risk assessments and safety evaluations.

Additionally, certification marks are indicated properly in accordance with the laws and regulations of each country or region where the product is on sale. For example, products with built-in wireless LAN show symbols which are specified by the radio laws of each country; and batteries, chargers, AC adapters, etc. all comply with national safety regulations.

In the fiscal year ended March 31, 2019, there was 1 violation of laws or self-regulations with regards to indicating safety information.

Compliance Violations in the Fiscal Year Ended March 31, 2019

November 1, 2018

Seven units of the “MH-31” battery charger were found to have been sold without having been labeled with the PSE mark required by the Electrical Appliance and Material Safety Act (these units are being recalled and replaced)

Cause:

The issue was caused by deficiencies in warehousing, storage and picking operations within the warehouse.

Measures taken in response:

Operational methods have been improved, and relevant rules have been adjusted.

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Warning Concerning Accidents Caused by Counterfeit Batteries

Counterfeit items such as Li-ion rechargeable batteries for Nikon digital cameras, battery chargers, AC adapters, etc. are appearing in the marketplace. These counterfeit products are not fitted with any safety mechanisms or safeguards. Therefore, these products not only compromise camera performance when used, but may also lead to excessive battery heat, leakage, explosion, and fire, etc. Furthermore, the camera may become damaged, and in worst case scenarios there is a danger customers may be burned or otherwise injured.

In order to prevent such accidents the Nikon Group provides warnings with regards to counterfeit products. Since 2007 we have been making it easy for consumers to distinguish between counterfeit goods and genuine products through our website, and we are continually working hard to create an environment where customers can use our products safely and without incident.



An example of a genuine Li-ion Rechargeable Battery EN-EL12 (left) and a counterfeit (right)

Customer Satisfaction and UX Design

The Nikon Group is actively incorporating customer feedback into the creation of its products and services in an effort to improve customer satisfaction.

Additionally, we are intensifying our efforts on UX design by taking advantage of the current trend towards a shift in emphasis away from “things” (i.e. products and services) towards “experiences.”

Our View on Customer Satisfaction

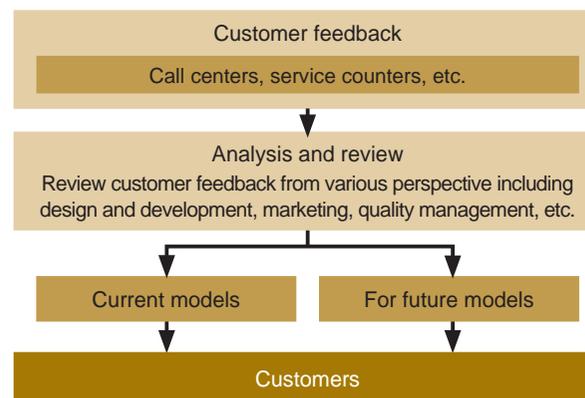
The Nikon Group strives to improve customer satisfaction and trust by providing products and services that are of the highest quality and safety, and which are beneficial to society. Nikon has previously built a system to incorporate customer feedback into its products and services, such as by increasing opportunities to contact customers directly.

Initiatives for Customer Satisfaction

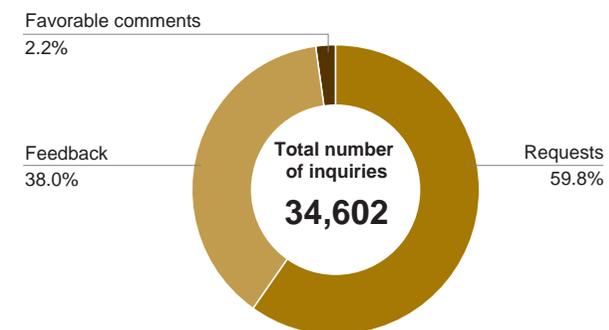
Initiatives to Improve Services in the Imaging Products Business

At the Nikon Imaging Products Business, feedback is received from general and professional users worldwide through call centers, service counters and NPS staff. After careful analysis, customer feedback is examined from a range of different perspectives including from the product development and design department, the marketing department, and the quality assurance department. The results are reflected in our products and services leading to improved customer satisfaction.

Customer Feedback Flowchart (Imaging Products Business)



Analysis and Review Breakdown of Call Center Inquiries (Japan / Fiscal Year Ended March 31, 2019)



* This breakdown is the number of inquiries received, out of a total number of about 120,000 inquiries to the call center, used for analysis and review in product development

Customer Satisfaction Survey Results (%)

	'15/3	'16/3	'17/3	'18/3	'19/3
Customer satisfaction	82.6	84.7	83.2	85.8	87.9

* The above figures represent the level of satisfaction taken from call center inquiries in the Americas, Europe and China. (Figures for four countries in Asia/Oceania region also included up to the fiscal year ended March 31, 2018.)

How Customer Feedback is Utilized in the Imaging Products Business

Request for Eye-detection AF for Mirrorless Cameras
 Nikon received many requests from customers using the much loved “Z 7” and “Z 6” mirrorless cameras released in 2018 for an “Eye-detection AF” function in addition to face recognition when taking portraits.
 To make this a reality, Nikon released a firmware update on its website in May 2019 adding “Eye-detection AF” to “Z 7” and “Z 6” cameras when taking still pictures. This function works not only in AF-S (Single AF) mode but also in AF-C (Continuous AF) mode making it effective when shooting a person in changing poses. The function has received good reviews from many customers.

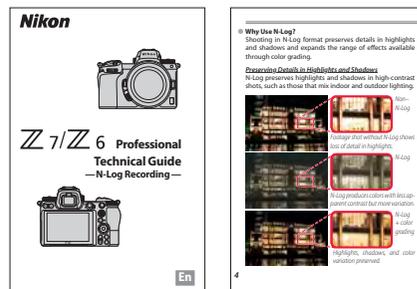


How the image appears when using “Eye-detection AF” function



Menu image of “Eye-detection AF” function

Request for Z 7 & Z 6 Features Description
 Nikon’s “Z 7” and “Z 6” mirrorless cameras are the first Nikon cameras to incorporate “N-Log” for video recording. Since we received many requests from customers on how to use this feature, we released the “Technical Guide (N-Log Recording Edition).”
 “Mid-range sharpening” was also incorporated for the first time as a way of fine tuning image definition. Since we received many inquiries from customers on how best to use this feature we also released the “Technical Guide (Images Edition).”
 These can be downloaded from the Download Center or Nikon Manual Viewer 2 App. They can also be checked on the NPS Global Site and have been very well received.



Technical Guide (N-Log Recording Edition)

Initiatives to Improve Services in the Imaging Products Business

Nikon is always conscious of a ‘Customer First’ attitude in the imaging business and aims to provide an aftersales service that will have customers saying “I’m glad I went with Nikon!” In order to make this a reality Nikon has created a Service Division at the Nikon Head Office. As of the end of January 2019, we have an organization that can provide consistent service quality to more than 300 repair service facilities centers and direct touchpoints (customer service counters) in 70 countries and regions around the world.

Under this system, in order to effectively monitor repair quality in each region, repair data is collated by the Service Division headquarters at Nikon Head Office on a monthly basis to verify that no problems have arisen. At the same time, so as to be able to provide high-quality service in all countries and regions, we offer regular guidance for local distributors and authorized repair service providers in those countries and regions where Nikon does not have its own directly-run facilities, with the aim of maintaining high standards in these countries and regions.
 Furthermore, in order to improve our level of service, we hold service center meetings where service managers from various places around the world meet to engage in discussions each year. Common tasks and progress on measures, as well as all the latest information are shared at these meetings. To enhance customer satisfaction, we provide training for employees involved in repair service provision that makes effective use of e-learning. In order to strengthen understanding of product concepts and be able to provide customers with advice regarding the optimal camera settings for capturing the type of images that they want to achieve, we collect customer feedback, collate this data at the Service Division headquarters, and share the information worldwide. In this way, we are working actively not only to sell our products but also to provide added value.



A scene from a training seminar which brought together key engineers from all over the world prior to the launch of Nikon’s new Z Series.

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Fan Meetings Provide an Opportunity for Two-Way Communication with Customers

Nikon Imaging Japan held the “NIKON FAN MEETING 2018” in seven cities within Japan, including Tokyo and Osaka. Besides providing a venue for dialog and interaction between the Nikon Group employees and Nikon enthusiasts, the NIKON FAN MEETING also gave fans an early look at Nikon’s new “Z series” full-frame mirrorless cameras, which attracted a lot of interest.

Each session had a full program of exciting activities. Besides displays of disassembled Nikon “Z 7” cameras, there were also seminars and presentations given by photographers and Nikon developers, merchandise sales, a Nikon Quiz, etc. Enthusiasts who had brought their own storage media with them could take home photos taken using equipment on show at the event, and many of them took advantage of this service. In the 10 days that the NIKON FAN MEETING sessions were held, over 15,400 people attended the event. The Nikon Group values these opportunities to make direct contact with customers. Events like these are an important place for Nikon to talk with customers in addition to communication at Nikon service centers. These meetings are not only a great opportunity for us to convey our thoughts on products; they are also a chance for us to hear from customers what they expect from us and our products, and what they would like to see us doing in the future.

For example, we set up message boards at the venues and collected messages from over 2,800 Nikon fans. We put these messages on display at the Nikon Shinagawa Head Office so that all Nikon Group employees could see them. We also analyzed more than 12,400 social media messages (as of December 2018) that were posted about the event. Customer feedback was used to improve the management of the event. For example, having listened to comments by Nikon enthusiasts who attended the 2017 NIKON FAN MEETING, to improve access and reduce congestion at the

2018 event, the Nikon website announced in advance when the busiest times were expected to be, and people planning to attend the event were encouraged to avoid these busy times. The actual congestion status at any given time during the event was verified based on participants’ comments at each session and their social media posts, enabling us to realize steady improvements, both on the same day and at subsequent sessions.

The Nikon Group will continue to make effective use of customers’ opinions obtained through opportunities like the NIKON FAN MEETING, to guide product development and improve service provision in the future.



Commemorative group photograph of the participants at the 2018 NIKON FAN MEETING in Tokyo



Message boards at one of the venues

User Experience Design Initiatives

UX refers to user experience. It seems like a new concept but at Nikon it is an idea that has been incorporated naturally into the design process. In today’s society flooded with materialistic things and diversifying customer values, Nikon places great importance not only on the design of things, or products, but also on the experience derived from those designs.

For this reason, Nikon is applying what we really want to achieve to our products, while repeatedly carrying out hypothesis testing. Its main objective being to keep in close communication with its users to get at the heart of their experience through the products themselves.

Nikon reorganized the structure of the Imaging Business Unit to help strengthen UX design. And in the Design Department Nikon holds UX related study seminars and internal workshops inviting leading experts in field of UX. Nikon is working hard to learn each and every day from events and projects such as workshops held with external specialist UX design consultancies.

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Example Product: The Z-series that Actively Adapts UX Approach

“Z 7” and “Z 6” are full size mirror-less cameras released by Nikon in 2018. These were developed, from the initial consideration to actual design phase, with an emphasis on user experience. The main features of these products are outlined below.

A Camera Body Providing Comfort and Great Touch

Fine attention is paid to every detail with an emphasis on comfortable operational feel, which enable users to “experience Nikon feeling” immediately after picking up a Nikon camera. For example, the top of the grip is designed to be higher than the body in order to create a secure grip for people with large hands, even with their pinky finger, while maintaining a light-weight and a small size. In addition, the electronic viewfinder (EVF) protrudes from the rear of the body to prevent the user's nose from making contact with the LCD screen and enable the photographer to fully focus on photographing.



EVF that prevents the nose from contacting with the LCD screen using a protrusion at the back

Balanced Usability with Miniaturization

Accessibility of each button while holding the camera affects camera usability. As such, we have adjusted the position and the size of buttons by 0.1mm by harnessing our ergonomic know-how developed through digital DSLRs. As human hands can distinctively recognize small differences, consideration was particularly given to the buttons on the rear of the camera in terms of size, convexity, operational touch, and measures to prevent users from making mistakes when operating them while looking through the EVF.



Mockup to test the angles of backside buttons

User-first GUI

Miniaturization causes the surface area to become smaller, requiring a reduced number of keys. Given this, we have chosen to go with a GUI (graphic user interface) that enables users of conventional DSLR to operate with ease. Specifically, the i Button, from which various functions are accessed, is located in an area convenient for the right thumb to reach as it grips the camera.

In order to deliver usability that meets each individual's needs, all 12 items are made to be customizable. In addition, in order to minimize eyestrain when looking through the EVF, the GUI design in the EVF is different from that of the rear monitor. Moreover, numbers and icons are relocated to the corner to reduce distractions in the picture frame.



Testing usability of GUI with a simulator

Responding to Environmental Issues



Priority Issues

- 4 Promoting a Low-carbon Society [▶ P60](#)
- 5 Promoting Resource Circulation [▶ P68](#)
- 6 Contributing to a Healthy and Environmentally Safe Society [▶ P76](#)

Reason for Priority

With the increasing effects of climate change becoming apparent such as with more frequent occurrences of abnormal weather and the IPCC's special report, *Global Warming of 1.5°C*, more innovative initiatives and a sense of urgency are more than ever necessary to control climate change. Due also to the depletion of natural resources and problems with waste disposal, a circular economy which implements resource circulation is garnering attention, as opposed to an economy that simply consumes resources. In contrast, for the management of chemical substances contained in products, legally regulated substances and applicable areas are steadily on the rise which means companies need to respond appropriately and reliably in their business activities.

Commitment

In November 2018, Nikon signed the Task Force on Climate-related Financial Disclosures (TCFD). So that we may contribute to the transition to a low-carbon economy, we would like to respond to stakeholders' requests for information disclosures on climate change. The Nikon Group positions the realization of a low-carbon society, a resource circulating society, and a healthy and environmentally safe society as the Group's Long-Term Environmental Vision, and promotes various activities aimed at the realization of this Vision. We shall continue to work to reduce greenhouse gases throughout the entire supply chain by first streamlining the development and production processes and expanding the uses for renewable energy, as well as by reducing the size and weight of products, and by reducing the amount of power products use. Nikon is also working to reduce its environmental impact through more efficient use of resources, promoting the 3Rs (Reduce, Reuse, Recycle), and more appropriate management of chemical substances.

Activity Policies

- Nikon Long-Term Environmental Vision
- Nikon Environmental Activity Policy
- Nikon Basic Green Procurement Policy
- Nikon Green Procurement Standards
- Paper Procurement Policy

System

- Environmental Committee

Management System

- ISO 14001

Takumi Odajima
Senior Vice President and Director
General Manager of Human Resources & Administration Division
Chairperson of the Environmental Committee

Nikon Environmental Management

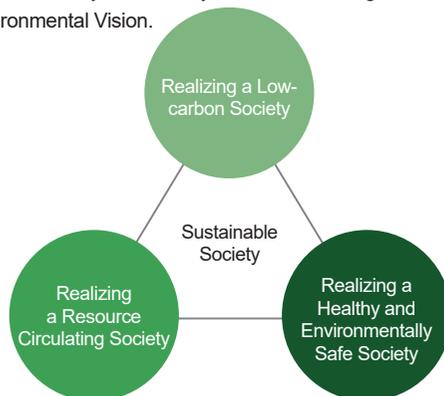
The Nikon Group has formulated the Nikon Long-Term Environmental Vision, the Medium-Term Environmental Goals and the Environmental Action Plan, and systematically conducts environmental activities to develop a sustainable society.

Formulation of Long-Term Environmental Vision and Medium-Term Goals

To proactively address environmental risks and regulations, in April 2016, we formulated the Nikon Long-Term Environmental Vision, which looks ahead to the next several decades. The Nikon Long-Term Environmental Vision comprises three pillars believed to be particularly important given the situation globally and considering the characteristics of Nikon's business, which uses limited resources to manufacture and sell products.

Nikon Long-Term Environmental Vision

The Nikon Group contributes to building a sustainable society by positioning the realization of a low-carbon society, a resource circulating society, and a healthy and environmentally safe society as the Nikon Long-Term Environmental Vision.



Medium-Term Environmental Goals

The Nikon Group has defined its initiatives up until 2030 in the Nikon Medium-Term Environmental Goals to realize the Nikon Long-Term Environmental Vision. The targets laid out for each individual pillar are presented below.

Medium-term Targets for Realizing a Low-carbon Society

- Reduce CO₂ emissions throughout the entire supply chain by 26% compared with the fiscal 2013 level
- Strive for technological development that is conducive to climate change measures

Medium-term Targets for Realizing a Resource Circulating Society

- Make efforts throughout the product life cycle to achieve a resource circulating society, taking into account the impacts that products have on the environment from the initial planning stage onwards
- Work to further increase resource efficiency and strive to reduce waste by increasing the usage of resources with fewer environmental impacts during business activities

Medium-term Targets for Realizing a Healthy and Environmentally Safe Society

- Aim to maintain the natural environment of communities and provide a comfortable living environment
- Comply with the laws, ordinances and regulations of the countries and regions where we operate and also establish our own voluntary targets to ensure the appropriate management of the use of chemical substances

Environmental Action Plan

In order to achieve the Group's Medium-Term Environmental Goals the Nikon Group has formulated the Nikon Environmental Activity Policy and then set out what we intend to achieve in the next 5 to 10 years. We have mapped out each year's goals in our Environmental Action Plan, and are implementing this plan across the entire Nikon Group. We clarify the relationship between the environment and our business activities and then make an accurate assessment of the impacts and risks posed to the environment, thereby developing prioritized environmental goals and plans. The Environmental Committee deliberates the self-evaluation of the performance and then approves them. We review our action plans for the following years based on the issues that are identified by the Committee.

▶ [Nikon Environmental Activity Policy](https://www.nikon.com/about/sustainability/environment/environment_policy.pdf)
https://www.nikon.com/about/sustainability/environment/environment_policy.pdf

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Environmental Action Plan Results for the Fiscal Year Ended March 31, 2019 [Summary]

Self-evaluation ○: Achieved △: Measures started but not yet achieved

Priority Activity Themes		Targets for the Fiscal Year Ended March 31, 2019	Results	Self-evaluation	Corresponding Page
Low-carbon society	Greenhouse gas reduction (CO ₂ emissions from energy consumption)	<ul style="list-style-type: none"> Reduce business facility CO₂ emissions by at least 14.4% compared to the fiscal year ended March 31, 2014 Implement survey of renewable energy initiatives Set Science-based Targets (SBTs) 	<ul style="list-style-type: none"> Annual CO₂ emissions decreased by 6.8% compared to previous fiscal year, and decreased 19.3% compared to the fiscal year ended March 31, 2014 Focused on solar power generation and led the way in possible installations. We will continue to look at tangible installations SBTs set. Submitted our commitment letter 	○	P62
	Reduction of the environmental impact from products (Improvement of resource efficiency)	<ul style="list-style-type: none"> Promote environmental impact assessment that uses the LCA methodology Create Eco-friendly Products 	<ul style="list-style-type: none"> Expanded the range of product models to calculate LCA About 60% of all new products in the fiscal year ended March 31, 2019 certified as Eco-friendly Products 	○	P56
	Reducing the environmental impact of transportation	<ul style="list-style-type: none"> Implement continuous monitoring of CO₂ emissions Improve the loading ratio of inter-national logistics and promote modal shifts Continue to review logistics routes in Japan 	<ul style="list-style-type: none"> Collected and analyzed data needed to calculate CO₂ emissions Promoted transport by railway, improved shipping rates, carried out estimates and trials for manufacturer-direct expansion Continued to work on highly efficient transportation for distribution in Japan 	○	P66
Resource circulating society	Zero emissions	<ul style="list-style-type: none"> Nikon and Group manufacturing companies in Japan: Maintain level S Group manufacturing companies in China: Maintain level 1 	<ul style="list-style-type: none"> Nikon and Group manufacturing companies in Japan: Maintained level S (Final landfill disposal rate 0.41%) Group manufacturing companies in China (Hikari Glass (Changzhou) Optics Co., Ltd., Nanjing Nikon Jiangnan Optical Instrument Co., Ltd.): Maintained level 1 (Final landfill disposal rate 0.65%) 	○	P72
	Waste reduction (excluding valuable resources)	<ul style="list-style-type: none"> Nikon and Group manufacturing companies in Japan: Not exceed the amount of waste generated in previous fiscal year Implement measures to recycle chemical substances 	<ul style="list-style-type: none"> Achieved 78.3% waste emissions (excluding valuable resources) from Nikon and Group companies in Japan compared to previous year Established a method to reuse abrasives for recycling waste. Planned to develop the reuse method in polishing workplaces within the Group 	○	P72
	Promoting the appropriate use and effective utilization of water	<ul style="list-style-type: none"> Formulation of targets for enhancing water use efficiency in line with the level of water risk in each region 	<ul style="list-style-type: none"> Established goals of reducing water consumption by reuse of ultrapure water system drainage 	○	P74
	Promotion of reduce, reuse and recycling	<ul style="list-style-type: none"> Promote the reuse and recycling of products, parts and materials 	<ul style="list-style-type: none"> Continued sales of refurbished semiconductor lithography systems Received the Chairman's Award from the 3R Promotion Council for reuse and reduce activities of semiconductor lithography systems 	○	P68
Healthy and environmentally safe society	Activities to reduce the environmental impact of chemical substances	<ul style="list-style-type: none"> Implementation of activities based on Nikon Group Chemical Substance Management Guidelines 	<ul style="list-style-type: none"> Decided measures to completely abolish 1-bromopropane in all departments and completed its replacement in half of all facilities 	○	P80
	Regional activities, etc.	<ul style="list-style-type: none"> Implementation of activities that make a contribution to the local community, taking into account biodiversity in line with business activities and local needs 	<ul style="list-style-type: none"> 789 employees participated in cleaning and cutting grass in areas around business facilities and local environmental conservation activities 	○	P83
	Reduction of hazardous chemical substances, etc.	<ul style="list-style-type: none"> Maintain compliance with the hazardous chemical substances laws and regulations of each country (RoHS, REACH, etc.) Start full-scale operation of chemSHERPA* 	<ul style="list-style-type: none"> Complied with the hazardous chemical substance laws of each country (RoHS, REACH, etc.) Completed substitution of four phthalates subject to RoHS ChemSHERPA was introduced in all business units 	○	P76
	Implementation of activities aimed at biodiversity conservation	<ul style="list-style-type: none"> Promote FSC-certified paper use for newly-printed paper items with Nikon logo 	<ul style="list-style-type: none"> Product catalogs: About 99% of new orders in Japan (except for special paper) used FSC-certified papers Instruction manuals: More than half of new orders in Japan used FSC-certified papers Product packaging boxes: Started to use FSC-certified papers with binoculars, etc. 	○	P84
	Green procurement	<ul style="list-style-type: none"> Improve the efficiency of Nikon Green Procurement auditing operations with respect to procurement partners 	<ul style="list-style-type: none"> 20% of target audits have begun as a trial 	△	P78

*chemSHERPA : A scheme that facilitates sharing information on chemical substances in products.

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Environmental Action Plan Targets for the Fiscal Year Ending March 31, 2020 [Summary]

Priority Activity Themes		Targets for the Fiscal Year Ending March 31, 2020	What We Intend to Achieve in 5 to 10 Years
Low-carbon society	Greenhouse gas reduction	<ul style="list-style-type: none"> Reduce CO₂ emissions from energy consumption by at least 1.0% compared to the fiscal year ended March 31, 2019 Create plan and implement measures for renewable energy Submit SBT for validation 	<ul style="list-style-type: none"> Reduce CO₂ emissions throughout the entire supply chain by 26% compared with the fiscal 2013 level by 2030
	Reduction of the environmental impact from products (Improvement of resource efficiency)	<ul style="list-style-type: none"> Promote environmental impact assessment that uses the LCA methodology Create Eco-friendly Products 	
	Reducing the environmental impact of transportation	<ul style="list-style-type: none"> Reduce CO₂ emissions by 2.7% compared to the fiscal year ended March 31, 2019 Improve the loading ratio of international logistics and promote modal shifts Increase the efficiency of logistics routes in Japan 	
Resource circulating society	Zero emissions	<ul style="list-style-type: none"> Nikon and Group manufacturing companies in Japan: Maintain level S Group manufacturing companies in China: Maintain level 1 Group manufacturing companies outside Japan: Implement initiatives in line with conditions of country 	<ul style="list-style-type: none"> Work to further increase resource efficiency and strive to reduce waste by increasing the usage of resources with fewer environmental impacts during business activities Promote less water consumption and promote resource circulation suited to local regions such as effective use of rainwater and groundwater, and reuse of waste water Work positively towards water risk measures Make efforts throughout the product life cycle to achieve a resource circulating society, taking into account the impacts that products have on the environment from the initial planning stage onwards
	Waste reduction (excluding valuable resources)	<ul style="list-style-type: none"> Nikon and Group manufacturing companies in Japan: Less than emissions of the fiscal year ended March 31, 2019 Group manufacturing companies outside Japan: Examine emission reduction measures Nikon and manufacturing companies in and outside Japan: Implement measures to recycle chemical substances 	
	Promoting the appropriate use and effective utilization of water	<ul style="list-style-type: none"> Manufacturing facilities: Decide on measures to improve water use efficiency The entire Nikon Group: Start water risk survey 	
	Promotion of reduce, reuse and recycling	<ul style="list-style-type: none"> Promote the reuse and recycling of products, parts and materials 	
Healthy and environmentally safe society	Activities to reduce the environmental impact of chemical substances	<ul style="list-style-type: none"> Comply with Nikon Group Chemical Substance Management Guidelines 	<ul style="list-style-type: none"> Aim to maintain the natural environment of communities and provide comfortable living environment
	Regional activities, etc.	<ul style="list-style-type: none"> Implement activities that make a contribution to the local community, taking into account biodiversity in line with business activities and local needs 	
	Reduction of hazardous chemical substances, etc.	<ul style="list-style-type: none"> Maintain compliance with the hazardous chemical substances laws and regulations of each country (RoHS, REACH, etc.) Continue the operation of chemSHERPA 	<ul style="list-style-type: none"> Comply with the laws, ordinances and regulations of the countries and regions where we operate, and also establish our own voluntary targets to ensure the appropriate management of the use of chemical substances
	Implementation of activities aimed at biodiversity conservation	<ul style="list-style-type: none"> Promote FSC-certified paper use for newly-printed paper items with Nikon logo 	<ul style="list-style-type: none"> Promote activities aimed at safeguarding biodiversity
	Green procurement	<ul style="list-style-type: none"> Decide on measures for Company-own outsourced parts 	<ul style="list-style-type: none"> Maintain and manage the Environmental Management System in the supply chain

Environmental Management Promotion System

The Nikon Group clarifies the relationship between our businesses and the environment, as well as the effects on biodiversity, and carries out business activities that are environmentally friendly based on our Environmental Committee-centered Environmental Management System.

Environmental Management System

The Nikon Group has rolled out its environmental management system across every one of its companies. Matters relating to Group's environmental management such as environmental issues, strategies, objectives and performance in regard to environmental activities, are reported to, reviewed and decided by the Environmental Committee, which is chaired by Senior Vice President and Director. In the case of important matters, the Environmental Committee reports its deliberations to the CSR Committee,

which in turn reports to the Board of Directors. In the fiscal year ended March 31, 2019, Nikon, along with its Group companies inside and outside of Japan, was given no fines and no sanctions for violation of environmental laws any wherein the world, and we received no complaints regarding environmental impacts.

Utilization of ISO 14001 Certification

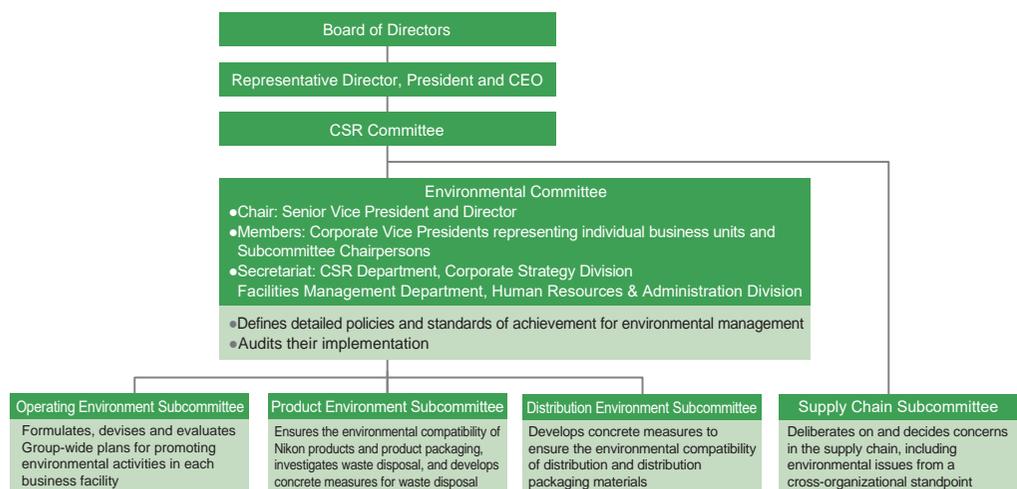
The Nikon Group conducts environmental management that utilizes ISO 14001. In the fiscal year ended March 31, 2018, we passed transition examination ISO 14001: 2015 certification, the newly-revised standard introduced in 2015.

In the fiscal year ended March 31, 2019, Optos Plc. (UK) and Optos Inc. (USA) obtained ISO 14001 certification. The Nikon Group will continue to use the ISO 14001 system and promote environmental management by introducing mechanisms for mitigating environmental impacts while clarifying both the internal and external circumstances.

Performing Internal Audits

We regularly conduct internal audits, at least once a year, to verify conformity with ISO 14001, and improvements in performance, etc., for each division and department within the Nikon Group. In the event that problems are identified during the audit process, the departments involved take corrective measures and promote improvements. We hold a two-day training program four times per year with the purpose of cultivating internal auditors to maintain and improve the quality of our internal audits. In the fiscal year ended March 31, 2019, a total of 100 employees took part in this training program. We also conduct training twice a year on laws and regulations related to the environment for all employees in Japan. In the fiscal year ended March 31, 2019, 70 employees participated. Furthermore, we are organizing extra training at the request of local environmental subcommittees. These courses are given by qualified in-house lecturers.

Environmental Management Organization Chart (As of July 1, 2019)



Nikon Eco Program

We have also introduced the Nikon Eco Program, which is a simplified environmental management system for our non-manufacturing facilities inside and outside Japan that have low environmental impacts. There are two levels (standard and basic) in the Nikon Eco Program, which makes it possible for the facilities to implement environmental activities more easily.

The Nikon Eco Program Standard (NEPS) is designed for relatively large non-manufacturing facilities. The standard level requires goals to be set for the reduction of environmental impacts, efforts to achieve those goals, and improvement and enhancement of activities while repeating the PDCA cycle. The Nikon Eco Program Basic (NEPB), which is designed for relatively small non-manufacturing facilities, involves visualization of environmental impacts and conducting activities related to the environment. NEPS has already been adopted at all 5 applicable business facilities.

At all other business facilities, the basic level has been introduced to steadily visualize environmental performance data.

Nikon Environmental Management Tools

Environmental Management Tools		ISO 14001	Nikon Eco Program Standard (NEPS)	Nikon Eco Program Basic (NEPB)
Business facilities where in use		Mainly manufacturing facilities and certain non-manufacturing facilities, etc. determined to require obtaining ISO 14001 certification	Relatively large non-manufacturing facilities, etc.	Small non-manufacturing facilities, etc.
Details of activities	<ul style="list-style-type: none"> • Environmental impact assessment • Compliance assessment • Internal audits • Corrective actions • Preventive actions • Management review, etc. 	○	—	—
	<ul style="list-style-type: none"> • Setting of environmental targets • PDCA 	○	○	—
	<ul style="list-style-type: none"> • Environmental education activities • Collection of environmental impact data 	○	○	○

Boundary of the Nikon Group’s Environmental Management Systems and Environmental Performance Data (Fiscal Year Ended March 31, 2019)

	Company	Environmental Management System
I	Nikon Corporation	ISO 14001
II	Tochigi Nikon Corporation	
	Tochigi Nikon Precision Co., Ltd.	
	Jigtech Corporation	
	Sendai Nikon Corporation	
	Miyagi Nikon Precision Co., Ltd.	
	Hikari Glass Co., Ltd.	
	TNI Industry Corporation	
	Nikon Engineering Co., Ltd.	
	Nikon CeLL innovation Co., Ltd.*1	
III	Nikon Tec Corporation	Nikon Eco Program
	Nikon Instech Co., Ltd.	
	Nikon Systems Inc.	
	Nikon Business Service Co., Ltd.	
	Nikon Staff Service Corporation	
	Nikon Imaging Systems Inc.*2	
	Nikon Vision Co., Ltd.	
	Nikon Imaging Japan Inc.	
IV	Hikari Glass (Changzhou) Optics Co., Ltd.	ISO 14001
	Nanjing Nikon Jiangnan Optical Instrument Co., Ltd.	
	Nikon (Thailand) Co., Ltd.	
	Nikon Lao Co., Ltd.	
	Nikon Metrology UK Ltd.	
	Nikon X-Tek Systems Ltd.	
	Optos Plc.*3	
	Optos Inc.*3	
V	Other consolidated Group companies (57 companies)	Nikon Eco Program

Environment-related Risk Management

The Nikon Group works to identify and assess environment-related risks and opportunities from a product and service lifecycle perspective using both top-down and bottom-up approaches.

Top-down risk assessment involves the Executive Committee identifying risks and opportunities related to the environment from the standpoint of management strategy. Bottom-up risk assessment involves assessments using ISO 14001 that cover manufacturing sites with a major environmental impact. Environment-related risks and opportunities are identified by each business site and the ISO 14001 Secretariat. The Environmental Committee determines how to address the identified risks and opportunities within the constructs of the environmental management system. In addition, the Risk Management Committee, which handles all forms of risks facing the Nikon Group, conducts the risk-identification survey on Nikon’s departments and Group companies both inside and outside of Japan. In turn, a risk map is compiled based on the results of this survey.

The identified risks and opportunities are then reflected in the Group’s environmental goals, and concrete measures are implemented based on these goals. Nikon also implements the “Plan - Do - Check - Act” (PDCA) cycle by verifying and following up on the progress made on a regular basis.

From the standpoint of management strategy, we identify the two main environmental risks of risk deriving from climate change and risk deriving from environmental regulation and address these risks.

II Group manufacturing companies in Japan / III Group non-manufacturing companies in Japan / IV Group manufacturing companies outside Japan / V Group companies inside and outside Japan excluding II to IV
 * The scope of environmental performance data is I to IV. Only “CO₂ emissions at other Group companies, part of the Nikon Eco Program (57 companies)” in the data section (page 141) is V.
 * The scope of environmental performance data combining I to V covers the entire Nikon Group (coverage rate: 100%).
 * Partial changes have been made to past environmental performance data due to the expansion of the boundary.
 * Nikon Imaging (China) Co., Ltd. ended operations in October 2017; thus, it is now excluded from the scope, but data prior to this date is still included.
 * The ISO 14001 certification rate for the entire Nikon Group as a percentage of the number of employees is 86%.
 *1 Nikon CeLL innovation Co., Ltd. was added to the scope of environmental performance data from March 2019.
 *2 Nikon Imaging Systems Inc. was dissolved in April 2018.
 *3 Optos plc. (UK) and Optos Inc. (USA) newly obtained ISO 14001 certification in 2018.

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Risk Deriving from Climate Change and Nikon's Response

When environmental disasters such as floods and droughts that are caused by climate change bring serious damage to the R&D and manufacturing facilities of the Nikon Group and of our suppliers, this can lead to production stoppages and cause delays in production and shipment. Where this results in a fall in sales or necessitates the spending of large amounts of money to get facilities operating normally again, this may have a negative impact on the Group's profits and its financial position.

To reduce the level of risk associated with climate change, the Nikon Group is taking steps to achieve greater dispersion in terms of the locations of its manufacturing facilities and suppliers, etc.

Risk Deriving from Environmental Regulation and Nikon's Response

There is a risk that violations of laws and regulations relating to energy, greenhouse gases, the atmosphere, water quality, soil, chemical substances and waste may result in business suspension orders or the need to spend large sums of money on remediation work, which in turn could have a negative impact on company valuation and affect the operations of the Nikon Group as a whole. There is a possibility that regulation may become even more restrictive in the future; if ensuring compliance results in a high level of expenditure, this could negatively impact the Nikon Group's financial health.

In order to be prepared for these risks, the Nikon Group establishes and revises relevant internal rules, works to strengthen the Group's management systems, and implements education and training for relevant employees, etc. In addition, we are working to prevent environmental pollution by establishing voluntary, self-directed standards that are more rigorous than each region's statutory requirements.

Environmental Strategy

The Nikon Group engages in environmental activities across the entire Group to realize the Nikon Long-Term Environmental Vision.

Towards the Realization of a Low-carbon Society

The Nikon Group has established a medium-term target of reduce CO₂ emissions throughout the entire supply chain by 26% compared with the fiscal 2013 level by 2030, and we are now implementing activities to achieve this target. More than 80% of the greenhouse gas emissions from the Nikon Group's supply chain are generated from purchased products and services or the use of products sold. Given this, the Nikon Group is working to create even more eco-friendly products by focusing on lowering the carbon footprint, which involves more compact designs, lighter weight, and reduced power consumption. At the same time, we request our procurement partners to establish CO₂ reduction targets and monitor progress, which encourages procurement partners to promote efforts to lower their greenhouse gas emissions. With regard to reducing greenhouse gas emissions from production activities, we are mainly working on boosting the efficiency of production and development processes using technology and increasing the use of renewable energy. In addition, the Nikon Group aims that its Science Based Targets (SBT) will be validated, which is a target for keeping temperature increases since the Industrial Revolution to less than 2° C. Toward this end, we have submitted a commitment letter to the Science Based Targets Initiative (SBTi) and are moving ahead with preparations.

Realization of a Resource Circulating Society

The Nikon Group will contribute to achieve a resource-circulating society throughout the product life cycle. In particular, we are working on reusing and recycling products and parts along with promoting the reduction and reuse of waste. Also, we are promoting measures to foster the cyclical utilization of water resources that are suited to local needs.

Realization of a Healthy and Environmentally Safe Society

The Nikon Group aims to minimize the environmental impacts caused by business activities and provide a comfortable living environment through its products. Toward this end, we appropriately manage chemical substances used in the product manufacturing process and hazardous substances contained in products throughout the supply chain. Also, we are carrying out biodiversity conservation activities.

Complying with the Framework for Climate Related Disclosures

In 2017, the Task Force on Climate-related Financial Disclosures (TCFD) established by the Financial Stability Board (FSB) released its final report called "Recommendations of the Task Force on Climate-related Financial Disclosures." Nikon expressed its support for the TCFD in November 2018 and we are now working on disclosing information in line with TCFD's recommendations.

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Disclosures in Line with TCFD’s Recommendations

Recommendation	Details	Applicable Page
Governance	<p>The Nikon Group has established a CSR Committee in order to promote sustainability initiatives, including addressing climate change-related issues, across the entire Group. The committee is chaired by the Representative Director, President and CEO and has members drawn from the Executive Committee. The CSR Committee convenes twice a year to make overarching decisions about activities related to sustainability (including climate change), including setting goals relating to CSR Priority Issues, receiving progress reports on activities, issuing directions for improvement as required. The CSR Committee reports to the Board of Directors, which in turn makes decisions on important matters. At the same time, the Board of Directors supervises the effectiveness of initiatives related to ESG from a management perspective. The Environmental Committee, established under the CSR Committee and chaired by a Senior Vice President and Director, convenes twice a year where it reports, deliberates and decides on detailed matters such as environmental issues facing the Nikon Group, including climate change, along with the policies, targets and results of environmental activities. The Supply Chain Subcommittee, also established under the CSR Committee, meets twice a year to promote sustainable procurement, including addressing environmental issues, together with procurement partners.</p>	<ul style="list-style-type: none"> ▶ Corporate Governance (P120) ▶ Environmental Management Promotion System (P49)
Strategy	<p>The Nikon Group has identified the following main risks and opportunities related to climate change.</p> <p>[Transition Risks] · Policy and Legal Risks: The systems and regulations of countries/regions could be newly established or tightened in the future, such as carbon taxes, greenhouse gas emission restrictions, etc. As a result, we recognize the risk that increased costs to comply with these systems and regulations will directly impact management costs.</p> <p>[Physical Risks] · Acute Risk: If serious damages were to occur at the Nikon Group’s development and production bases or those of procurement partners due to natural disasters such as flooding, draught or abnormal weather caused by climate change, our operations could be suspended, creating delays in production and shipment. If this causes a drop in sales or major expenses to be incurred for restoration of operations, it could adversely affect the Group’s earnings and financial condition.</p> <p>· Chronic Risk: Temperature controls are vital to the accuracy needed for the manufacture, transport, installation, and operation of precision equipment. In the future, there is the possibility that average temperatures could rise due to climate change, making it difficult to control the temperature of air conditioning, which could lead to difficulties in manufacturing and also impact the use of products.</p> <p>[Opportunities] · Products and services: The Nikon Group’s advanced measurement technology and control technology can be used for the evolution of industrial robots and in eco factories and smart factories, contributing to greater efficiencies and an eco-friendly society. In addition, demand is expected to increase further for products and services that produce less greenhouse gas emissions. The IC chip miniaturization technology that is employed in the Nikon Group’s semiconductor lithography systems contributes to reduced power consumption of IC chips per unit of memory.</p> <p>As a business strategy, the Nikon Group is working to adapt to and address climate change as well as reduce its greenhouse gas emissions.</p> <p>In 2011, the Nikon Group’s factory in Thailand that is the main production base for the Imaging Products Business suffered extensive damage during the major floods that struck the country. Based on this experience, the Nikon Group has taken steps to diversify manufacturing sites and to implement equipment countermeasures. Also, the Nikon Group cites as part of its long-term environmental vision “realizing a low-carbon society.” Toward that end, we have established specific numerical targets in the Medium-Term Environmental Goals and we set an environmental action plan every year. We are working to reduce greenhouse gas emissions across the entire supply chain as well as balance business growth with environmental impact reduction. Please see the applicable page for more details about the Nikon Group’s environmental strategy.</p> <p>The Nikon Group assesses and identifies climate-related risks and opportunities with a comprehensive view toward the characteristics of business operations, geographic conditions of production bases and business sites, frequency and intensity of natural disasters caused by climate change in recent years, industry trends, developments in related laws and regulations, Representative Concentration Pathways (RCP) scenario used to predict climate change by the IPCC, research results of outside institutions, and trends in environmental KPI.</p> <p>At this time, a drop in sales caused by the suspension of operations or the occurrence of huge expenses for the restoration of operations are considered serious financial impacts. The TCFD recommendation recommends a strategy that takes into account reviews based on various climate-related scenarios, including the scenario of less than 2 degrees Celsius increase in temperature. Currently, the Nikon Group’s scenario analysis remains at an initial level for looking over the physical risks of climate change. Going forward, we will need to raise the level of our reviews on scenarios concerning migration risk.</p>	<ul style="list-style-type: none"> ▶ Environment-related Risks Management (P51) ▶ Environmental Strategy (P52) ▶ Eco-friendly Products Development (P56) ▶ Promoting a Low-carbon Society (P60)
Risk management	<p>The Nikon Group uses the constructs of ISO 14001 to identify environmental risks, including climate change, facing each business site and the entire Nikon Group. The Environmental Committee, which specializes in climate-related matters, determines detailed risk reduction measures and its implementation. The details of these deliberations are reported to the CSR Committee. In addition, the Nikon Group has established the Risk Management Committee as an organization responsible for risk management to address risks that could seriously impact management, including those related to climate. To identify risks concerning corporate management and business continuity, the Risk Management Committee takes the lead in implementing risk-identification surveys and preparing risk mapping based on analysis and assessment from a company-wide perspective. At the same time, the Executive Committee identifies risks observed from the standpoint of management strategy.</p> <p>The identified risks and opportunities are reflected in environmental targets, which are shared across the entire Nikon Group, with relevant departments implementing specific initiatives. The progress of such is regularly monitored and followed up on by the Environmental Committee, which comes up with the next environmental goals after identifying key issues.</p>	<ul style="list-style-type: none"> ▶ Environment-related Risks Management (P51) ▶ Risk Management (P127)
Metrics and targets	<p>The Nikon Group has established a target for greenhouse gas emissions from the entire Group. In turn, monitoring is carried out, disclosing results, and formulating the next measures and strategies. By calculating greenhouse gas emissions attributed to Scope 1, Scope 2 and Scope 3, the Nikon Group strives to assess environmental impacts in the supply chain and implement appropriate measures. See the applicable page for details about Nikon’s targets and performance in terms of greenhouse gas emissions.</p>	<ul style="list-style-type: none"> ▶ Promoting a Low-carbon Society (P60)

Business Activities and the Environment

The Nikon Group aspires to be a company that contributes to the sustainable development of society. We clarify the relationship between the environment and our business

activities in order to make an accurate assessment of the impacts and risks posed to the environment. We attach great importance to the development of environmental activities based on goals set in accordance with the prior order determined through this assessment of impacts and risks. Therefore, we are actively advancing the collection of environmental data covering electricity and other forms of

energy, waste, and water, etc., both inside and outside of Japan.

In terms of renewable energy, we have decided to source 11% of electricity from water-derived energy starting in the fiscal year ending March 31, 2020 at six locations including Nikon's Plants in Yokohama, Sagami-hara, Kumagaya, Mito, and Yokosuka, as well as at the Shonan Branch of Sagami-hara Plant. Through this effort, we expect to reduce CO₂ emission by 7,500 t per year.

Relationship between Nikon Group Businesses and the Environment



* Figures indicate performance data for the entire Nikon Group. See page 55 for a detailed breakdown of this data for Nikon as well as its Group companies inside Japan and Group manufacturing companies outside Japan.

* Pollutant Release and Transfer Register (PRTR)

In Japan, the PRTR system is used by the government to collect, tabulate, and disclose data on chemical substances that might have harmful effects on human health and ecosystems. Companies identify and report emissions of these substances into the environment to the government on an annual basis.

★: Values assured by the third party.

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Nikon Group's Main Environmental Impacts (Fiscal Year Ended March 31, 2019)

INPUT		Nikon (I)	Group Companies in Japan (II , III)	Group Manufacturing Companies outside Japan (IV)	Unit
Energy, etc. ★	Electricity	158,709	105,229	122,819	MWh
	City gas	3,972	1,251	76	thousand Nm ³
	Liquefied petroleum gas (LPG)	330	2,141	234	t
	Compressed natural gas (CNG)	0	0	44	thousand m ³
	Other fuels * ¹	206	977	848	kL
	Cold water / Steam	8,790	0	0	thousand MJ
Water★	Water	1,868	1,223	1,131	thousand m ³
PRTR substances * ²	Volume handled	57		—	t

OUTPUT		Nikon (I)	Group Companies in Japan (II , III)	Group Manufacturing Companies outside Japan (IV)	Unit
CO ₂ emissions★	Electricity	75,111	50,490	62,659	t- CO ₂
	City gas	8,913	2,808	159	t- CO ₂
	Liquefied petroleum gas (LPG)	989	6,421	702	t- CO ₂
	Compressed natural gas (CNG)	0	0	99	t- CO ₂
	Other fuels	547	2,605	2,215	t- CO ₂
	Cold water / Steam	501	0	0	t- CO ₂
Water★	Water	1,397	1,150	908	thousand m ³
PRTR substances * ²	Emissions	40		—	Kg
Wastes, etc.	Amount generated★	2,363	3,115	2,975	t
	Amount of landfill disposal	2	20	—	t

*1 Calculated as crude oil equivalent.

*2 Group companies in Japan refer to Group manufacturing companies in Japan.

★: Values assured by the third party.

Eco-friendly Products Development

The Nikon Group works to develop eco-friendly products by taking into account environmental impacts starting from the planning and design stage of products following the Eco-friendly Product Development Flow noted at right.

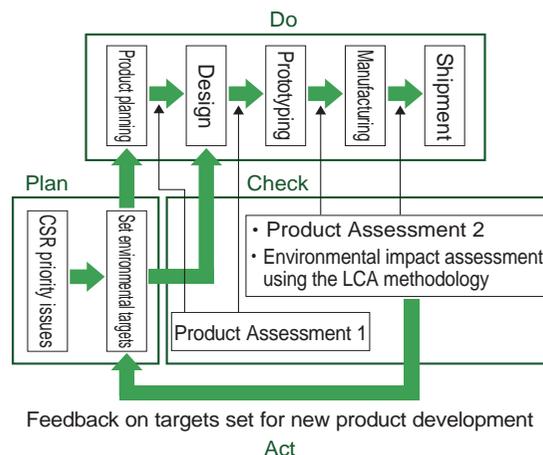
Nikon Product Assessment

The Nikon Group formulated Nikon Product Assessment in 1995 for carrying out assessments that thoroughly consider the characteristics of Nikon products and their environmental impact; since then, Nikon Product Assessment has been applied to all newly-developed products. According to circumstances, we are revising the assessment items and criteria. Assessment 1 is carried out in the planning or design stage, followed by Assessment 2 in the prototype or manufacturing stage. In this way, we strive to reduce the environmental impacts of our products through the entire life cycle.

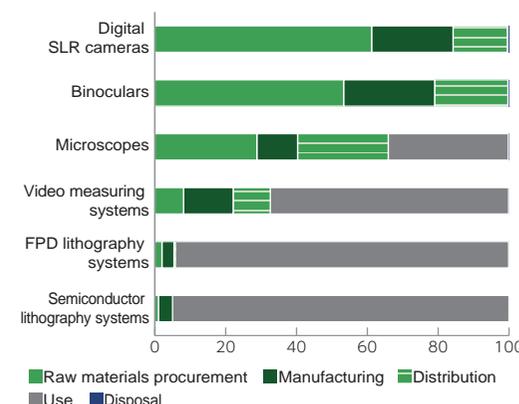
We assess environmental impacts by LCA (Life Cycle Assessment) methodology and calculate CO₂ emissions at each stage of the life cycle for some products including our representative models. For imaging products, the raw material procurement stage accounts for a particularly large share of CO₂ emissions, whereas for FPD/semiconductor lithography systems and industrial equipment, use stage accounts for the largest share of CO₂ emissions. We believe it is important to make improvement at these stages, and provide feedback for new product development. In the past, all products that had been developed by implementing product assessment were classed as eco-friendly products. However, we reviewed these definition and systems, and starting from the fiscal year ended March 31, 2018, we established a new system whereby those products that conform to more rigorous standards in product assessment are classed as either Eco-friendly Products or Super Eco-friendly Products. Along with this, Nikon has created

its own unique symbol marks (Eco-friendly Products and Super Eco-friendly Products). In the fiscal year ended March 31, 2019, approximately 60% of new products were classed as Eco-friendly Products.

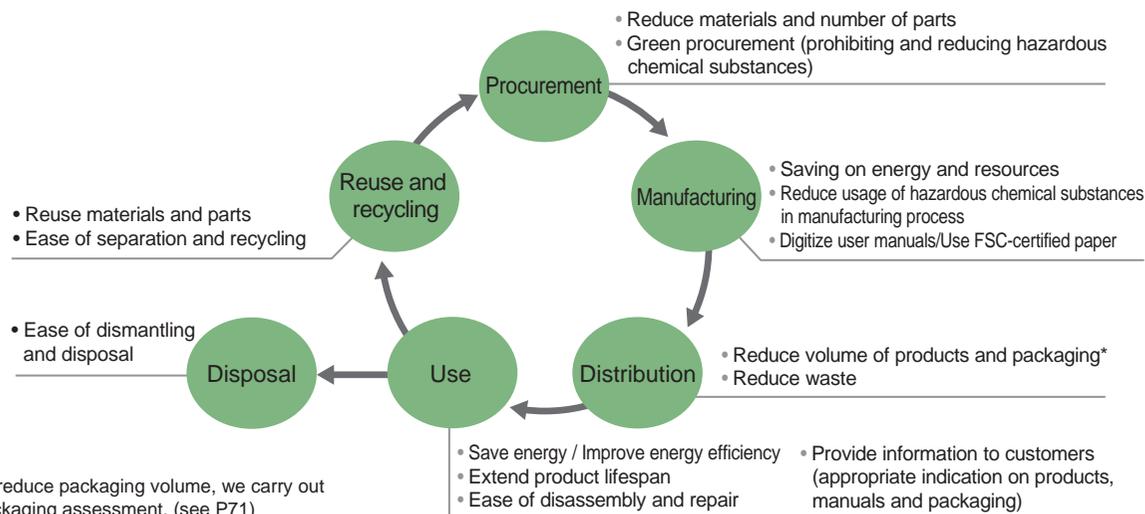
Eco-friendly Product Development Flow



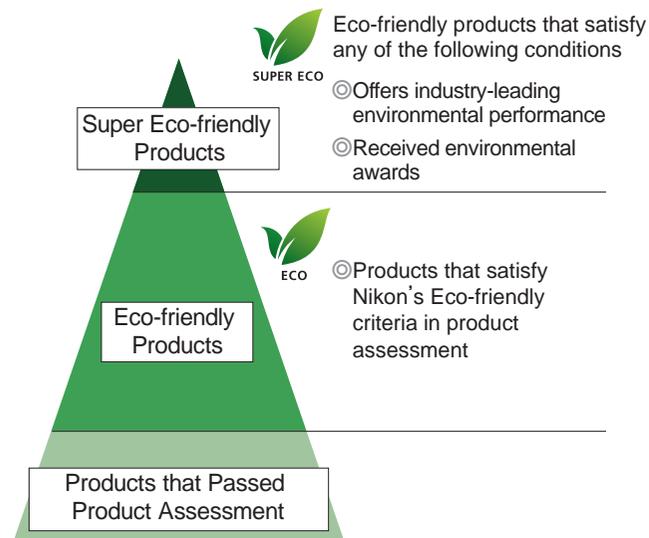
Percentage of CO₂ Emission throughout the Product Lifecycle for Major Nikon Products



Assessment Items of Nikon Product Assessment



Eco-friendly Products System



*1 The above environmental marks are used only for Nikon products recognized as eco-friendly products based on our own standards of environmental consideration.
 2 The above environmental marks are not affiliated with any other environmental organizations.

Eco-friendly Products Common Specifications

Reduction of hazardous chemical substances	Compliant with the hazardous chemical laws and regulations of each country such as RoHS Directive
Use of lead-free solder	All solder used for the mounting boards of electronics is lead-free
Use of lead- and arsenic-free glass	Lead- and arsenic-free glass is used for all glass parts (with the exception of certain industrial products)
Surface treatment for plating, etc.	Elimination of all heavy metals(hexavalent chromium, lead, cadmium, and mercury)
Waste recycling	Compliant with WEEE Directive and the waste laws and regulations of each country
Phthalate ester not in use	Free of DEHP, DBP, BBP, and DIBP

Examples of the Eco-friendly Products

The following provides several examples of the Eco-friendly Products that we announced or released during the fiscal year ended March 31, 2019

[Imaging Products Business]

D3500 Digital SLR Camera
 (launched on September 28, 2018)
 With the latest design of monocoque construction, the new camera is approximately 7.6% lighter weight and 8.9% smaller compared to the previous D3400 model. It also reduces the number of parts by 24%.



Mirrorless Camera Z 6 and Z 7
 (Z 6 launched on November 23, 2018, Z 7 launched on September 28, 2018)
 Compared to D850, the same full size (Nikon FX format) DSLR, the Z 6/Z 7's size and weight are reduced by approximately 36%. Moreover, we have ensured the same reliability in this model as with D850, given its sturdy body built with magnesium alloy, shutter durability, along with dust- and drip-proof capabilities, etc.



Compact Digital Camera COOLPIX B600
 (launched on February 15, 2019)
 With a light-weight, the B600 features a small body suited for portability that is about 7.7% lighter than the previous B500 model. The AA batteries are replaced by a Li-ion rechargeable battery to eliminate the need for replacing batteries and to reduce waste.



Golfer's Laser Rangefinder COOLSHOT PRO STABILIZED

(launched on May 25, 2018)
 By integrating Nikon's proprietary image stabilization and advanced range finding technologies, this model takes approximately 30% less time in range finding compared to the previous COOLSHOT80i VR model. Moreover, weight and size are reduced by approximately 15% and 11%, respectively.



Binoculars MONARCH HG 8x30/10x30

(launched on July 13, 2018)
 The body is made from magnesium alloy, which provides durability as well as a lightweight slim body design. Compared to the previous model 8x32/10x32HG L DCF, the effective radius of the objective lens is reduced by 2 mm, while the product mass and volume are reduced by 35% and 31%, respectively.



[Industrial Metrology Business]

CNC Video Measuring System NEXIV VMZ-H3030
 (launched on October 1, 2018)
 This system reduces power consumption by approximately 17% and CO₂ emissions during the product life cycle by approximately 7.7% compared to the previous model NEXIV VMR-H3030.



Environmental Education and Awareness Raising Activities for Employees

The Nikon Group believes that the awareness and understanding of employees who are the foundation of its activities are vital to furthering its environmental activities and increasing its standards.

Therefore, we have introduced various environmental education and awareness raising activities for our employees, to promote understanding and awareness of our environmental activities.

In Japan, the Nikon Group provides employees with education matched to their position, their group affiliation, and the business facility and department to which they are assigned, based on the educational training plan for the environmental management system.

Environmental Training at Nikon (Fiscal Year Ended March 31, 2019)

(Unit: persons)

Details	Participants
Environmental training based on the training plan	360
Environmental awareness-raising activities in districts	914
Community contribution activities	789

Environment Month

The month of June—which has been designated as Environment Month by the Ministry of the Environment in Japan—is Nikon Environment Month, during which time various activities are held to strengthen employees' environmental awareness in the Nikon Group.

During Environment Month for the fiscal year ended March 31, 2019, events were held not only to increase employees' environmental awareness, but also to promote the SDGs in the Nikon Group. As part of this effort, a Nikon environmental photo contest was held, open to all Nikon Group employees. We invited submission of photos on the themes of environmental SDGs, and a total of 81 entries were submitted by the Nikon Group employees from all over the world.

In addition, an Environment Month Seminar was held at the Nikon Head Office. The seminar opened with the president giving a speech on the Nikon Group's environmental stance, which was followed by a presentation on the Nikon Group's environmental initiatives and their related SDG's given by the Chair of the Environmental Committee. Moreover, Mr. Masahiro Kawatei of Hakuholdo DY Holdings Inc. was invited as a guest speaker to share the history behind the SDGs as well as how companies and society evolve by engaging in the SDGs. Mr. Kawatei shared specific cases and his own experience in the lecture with approximately 100 employees in attendance.



Nikon Environment Month poster for the fiscal year ended March 31, 2019



Environment Month Seminar

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Environmental Commendation Program

To invigorate measures aimed at protecting the environment, the Nikon Group has introduced the Nikon Environmental Commendation Program. Every year, this program commends and awards outstanding initiatives implemented by workplaces, groups or individuals who have consistently made efforts to protect the environment. In the fiscal year ended March 31, 2019, from 36 applications received from over the world, we presented one Outstanding Environmental Contribution Award, seven Environmental Contribution Awards, four Encouragement Awards, and one Environmental Contribution Facility Award. This year, Nikon (Thailand) Co., Ltd (in Thailand) received the Outstanding Environmental Contribution Award for its distribution measures. The company improved their efficiency in transportation by switching to milk run method, and largely reduced the amount of transportation fuels used as well as CO₂ emissions, thereby significantly reducing their environmental impact.



Environmental Commendation ceremony

[▶ Increasing Transport Efficiency using Milk Runs and Cooperative Deliveries \(P67\)](#)

Participating in Earth Hour

The Nikon Group has participated in Earth Hour* every year since 2010. This event provides an opportunity to raise environmental awareness by actively encouraging employees in each region around the world to participate. In the fiscal year ended March 31, 2019, 64 companies from the Nikon Group inside and outside Japan participated by switching off billboards or lighting, and posted photographs of their efforts to various social media.

*Earth Hour

A worldwide environmental campaign organized by the World Wildlife Fund (WWF).

People around the world show their desire to stop global warming and protect the global environment by switching off the lights at the same time on the same day.



Example of the photographs posted on various social media sites

Providing E-Learning

Nikon provides e-learning once a year as basic environmental education for the Nikon Group employees in Japan. In the fiscal year ended March 31, 2019, we provided training based on the themes of the SDGs and Nikon's environmental initiatives.



Basic environmental education e-learning

Priority Issue 4 Promoting a Low-carbon Society

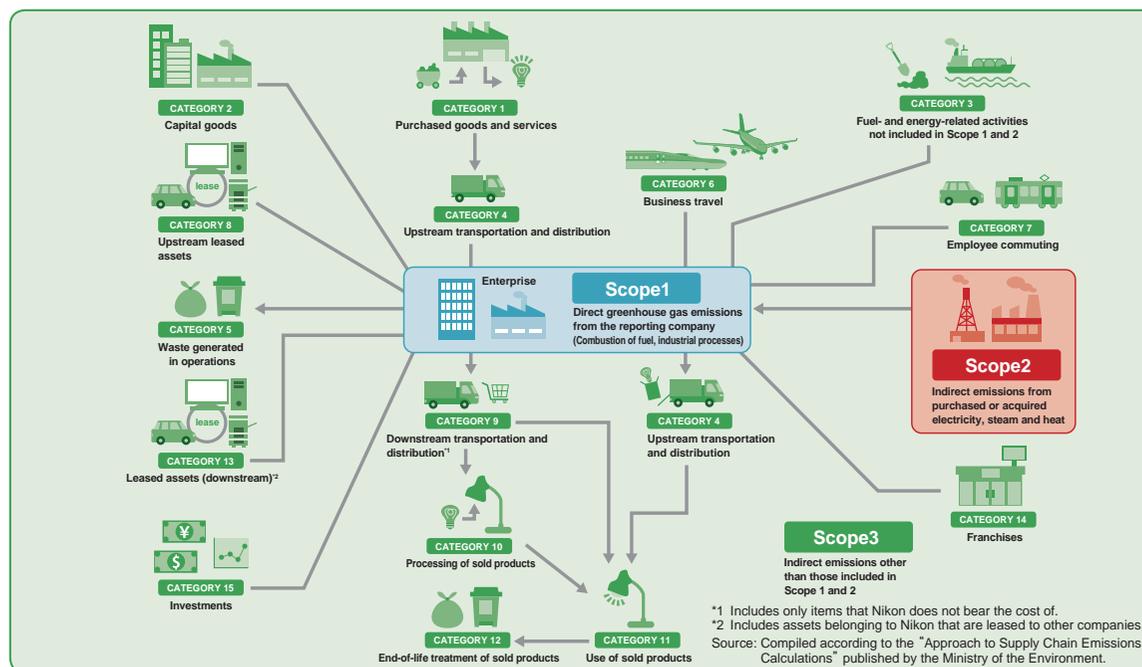


What We Intend to Achieve in 3 to 5 Years	Targets for the Fiscal Year Ended March 31, 2019	Results	Scope
Promotion of a low-carbon technology for manufacturing facilities and production processes	Reduce business facility CO ₂ emissions by at least 14.4% compared to the fiscal year ended March 31, 2014	Annual CO ₂ emissions decreased by 6.8% compared to previous fiscal year, and decreased 19.3% compared to the fiscal year ended March 31, 2014	Nikon Group in Japan / Group manufacturing companies outside Japan
Promotion of renewable energy adoption	Implement survey of renewable energy initiatives	Focused on solar power generation and led the way in possible installations. We will continue to look at tangible installations	Nikon Group in Japan / Group manufacturing companies outside Japan
Implementation of measures aimed at realization of Science-based Targets (SBTs)	Set Science-based Targets (SBTs)	SBTs Set. Submitted our commitment letter	Nikon Group
Reduction of CO ₂ emissions over the product lifecycle through visualizing products' environmental impact	Promote environmental impact assessment that uses the LCA methodology	Expanded the range of product models to calculate LCA	Nikon Group

CO₂ Reductions in the Supply Chain

The Nikon Group endeavors to calculate greenhouse gas emissions in the whole supply chain and implement appropriate measures.

- Scope1** Direct greenhouse gas emissions due to the use of fuel on site.
- Scope2** Indirect greenhouse gas emissions from consumption of purchased electricity heat or steam.
- Scope3** Indirect greenhouse gas emissions related to business activities in the supply chain (excluding emissions already included in Scope 1 and 2).



Assessing Emission Volume

Scope 3 emissions accounts for over 80% of greenhouse gas emissions in the whole Nikon Group supply chain. The Nikon Group has set a medium-term target of reducing CO₂ emissions throughout the entire supply chain by 26% compared with fiscal 2013 levels by 2030.

To achieve this, with regards to Scope 3 we will be implementing measures to reduce CO₂ emissions, giving priority to those categories that have the highest emissions volume with a focus on Category 1 (purchased goods and services), Category 11 (use of sold products) and Category 4 (upstream transportation and distribution).

- ▶ [Environmental Strategy \(Scope1, 2, 3\) \(P52\)](#)
- ▶ [Eco-friendly Product Development \(Scope3\) \(P56\)](#)
- ▶ [CO₂ Reductions in Nikon Group \(Scope 1, 2\) \(P62\)](#)
- ▶ [Reducing CO₂ Emissions in Distribution \(Scope3\) \(P66\)](#)

CO₂ Emissions List Breakdown by Scope and Category (Fiscal Year Ended March 31, 2019)

(Unit: t-CO₂)

Scope / Category	Scope of application	CO ₂ emissions	
Scope1	Nikon Group companies in Japan Group manufacturing companies outside Japan	CO ₂ emissions from energy consumption★	25,457
	Nikon Group companies in Japan Group manufacturing companies outside Japan	CO ₂ emissions from non-energy consumption and other greenhouse gas emissions	8,558
Scope 2 *★	Nikon Group companies in Japan Group manufacturing companies outside Japan	Market-based criteria	188,761
		Location-based criteria	198,244
Scope 3 (individual categories within Scope 3 listed below)			
1.Purchased goods and services	Imaging Products Business and Precision Equipment Business		798,990
2.Capital goods	The entire Nikon Group		74,321
3.Fuel- and energy-related activities not included in Scope 1 and 2	Nikon Group companies in Japan Group manufacturing companies outside Japan		18,379
4.Upstream transportation and distribution	The entire Nikon Group		58,560
5.Waste generated in operations	Nikon (excluding the headquarters) Group manufacturing companies in Japan Group manufacturing companies outside Japan		831
6.Business travel	The entire Nikon Group		34,668
7.Employee commuting	The entire Nikon Group		9,900
8.Upstream leased assets (included in Scope 2)	Calculation included in Scope 2		—
9.Downstream transportation and distribution	Excluded (because the amount is very small)		—
10.Processing of sold products (excluded)	Excluded (because the amount is very small)		—
11.Use of sold products★	Imaging Products Business and Precision Equipment Business		219,592
12.End-of-life treatment of sold products	Imaging Products Business and Precision Equipment Business		3,612
13.Lease assets (downstream) (excluded)	Excluded (because the amount is very small)		—
14.Franchises (out of scope)	Out of scope		—
15.Investments (out of scope)	Out of scope		—

* Scope 2

For the calculation of CO₂ emissions according to market-based criteria, the CO₂ conversion factors given in the note to "Changes in CO₂ emissions from energy consumption" on P62 were used. For the calculation of CO₂ emissions according to location-based criteria, partially different conversion factors have been used. For Japan's electric power, the alternative value taken from the "List of Emissions Factors by Electric Power Utility" specified in the Act on Promotion of Global Warming Countermeasures is used. For UK and US electric power, the IEA's conversion factor for each country is used.

★: Values assured by the third party.

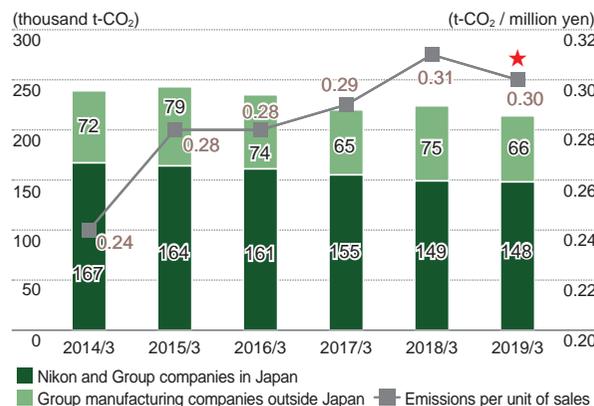
CO₂ Reductions in Nikon Group

The Nikon Group has set CO₂ emission reduction targets as action plans for each business facility and Group company. Individual units use these plans as a basis for the implementation of CO₂ reduction activities, and efforts are also made to promote the visualization of environmental data, to facilitate the achievement of the goals that have been set.

Changes in CO₂ Emissions from Energy Consumption and in Energy Consumption

With regards to the 2019 Environmental Action Plan and its target of reducing emissions in its business facilities by at least 14.4% compared with levels in the fiscal year ended March 31, 2014, the Nikon Group was able to build on the previous fiscal year and achieve this goal ahead of schedule reaching a 19.3% reduction compared to 2014 emissions. The boundaries of energy data collection have been widened in order to enhance completeness for the fiscal year ended March 31, 2019. Energy-derived CO₂ emissions at this new boundary were 213,717 tons.

Changes in CO₂ Emissions from Energy Consumption

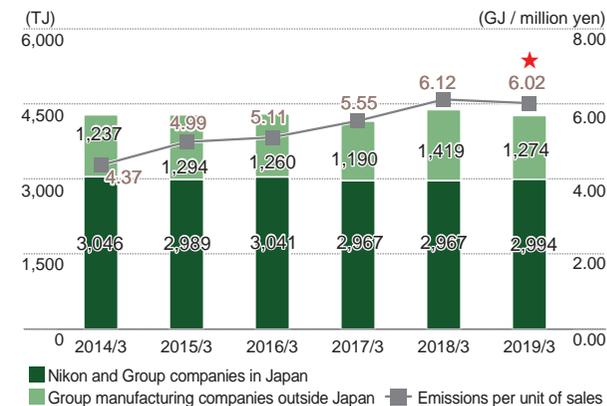


* The following values were used for CO₂ conversion factors.
 Electric power:
 In Japan: The CO₂ emission factors without adjustment for each electric power utility noted in the "List of Basic Emissions Factors by Electric Power Utility" specified in the Act on Promotion of Global Warming Countermeasures.
 UK: Residual mix
 US: NERC regional residual mix
 Other countries outside Japan: Individual country factor in International Energy Agency (IEA) factors. However, no conversion factor for Laos, so Thailand factor used.
 City gas:
 Japan: The gas company eigenvalues noted in the guidance document for Periodic Report pursuant to the Act on the Rational Use of Energy (Energy Conservation Act) were multiplied by the values given in Appended Table 2 of the "List of Calculation Methods and Emissions Factors for Calculation, Reporting and Announcement Systems" specified in the Act on Promotion of Global Warming Countermeasures, and by 44/12.
 UK: Factors from the Report on Greenhouse Gases
 Other countries outside Japan: Same value as a typical Japanese gas company
 Heat and other fuels:
 The factors noted in the "List of Calculation Methods and Emissions Factors for Calculation, Reporting and Announcement Systems" specified in the Act on Promotion of Global Warming Countermeasures.

* The above factors were also used for the calculation of CO₂ emissions according to market-based criteria for Scope 1 and Scope 2 on P 61

★: Values assured by the third party.

Changes in Energy Consumption



* The following values were used for calorific-value conversion factors
 Electric power:
 The factors given in the guidance document for Periodical Report pursuant to the Act on the Rational Use of Energy (Energy Conservation Act).
 City gas:
 Japan: Gas company-specific factors under the guidance document for Periodical Report pursuant to the Act on the Rational Use of Energy (Energy Conservation Act)
 UK: Value calculated from the factors for the Report on Greenhouse Gases
 Other countries outside Japan: Same value as a typical Japanese gas company
 Heat and other fuels:
 Factors given in the guidance document for Periodical Report pursuant to the Act on the Rational Use of Energy (Energy Conservation Act).

★: Values assured by the third party.

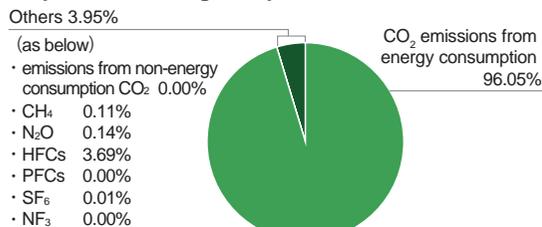
CO₂ Emissions from Non-energy Consumption and Other Greenhouse Gas Emissions

CO₂ emissions from non-energy sources and other greenhouse gases accounted for 3.95% of the greenhouse gases emitted by Nikon, the Group manufacturing companies in Japan, and some of the Group manufacturing companies outside Japan (Thailand, Laos and China). Of these gases, HFCs contained in detergents used in the manufacturing process was the largest at 93.42%. There were no PFC or NF₃ emissions.

In order to reduce CO₂ emissions from non-energy sources and other greenhouse gases, the Nikon Group is working to establish alternative technologies within three years while thoroughly adhering to the Nikon Chemical Substances Management Guidelines.

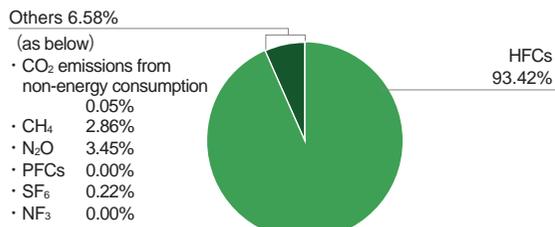
* CO₂ emissions from non-energy consumption and other greenhouse gases Specifically, this term is used to refer to CH₄, N₂O, HFCs, PFCs, SF₆, NF₃, and non-energy related CO₂ emissions.

Breakdown of Greenhouse Gas Emissions from Nikon and Group Manufacturing Companies



* Group manufacturing companies outside Japan include only those from Thailand, Laos and China

Breakdown of CO₂ Emissions from Non-energy Consumption and Other Greenhouse Gas Emissions



* Group manufacturing companies outside Japan include only those from Thailand, Laos and China

Utilizing Renewable Energy

The Nikon Group is working to promote the use of renewable energy.

• Nikon Kumagaya Plant

Nikon Kumagaya Plant has been operating a solar power generation system at full capacity since 2010. The system generates approximately 100 MWh of electric power per year, reducing annual CO₂ emissions by around 50 t-CO₂.

• Nikon Yokohama Plant

Yokohama Plant installed solar power generating equipment on the walls of a building that was completed in 2013. The system generates approximately 30 MWh of electric power per year, reducing annual CO₂ emissions by around 15 t-CO₂.

• Sendai Nikon Corporation

Sendai Nikon Corporation first purchased Green Heat Certificate in the fiscal year ended March 31, 2018. In the fiscal year ended March 31, 2019, Sendai Nikon purchased the certificate amounting to 20236.8 GJ, representing a reduction of 1,153 t-CO₂.

• Nikon India Private Limited (India)

Nikon India installed a solar power generation system in July 2017. The approximate annual generating capacity of the system is 26 MWh, which represents an annual CO₂ emissions reduction effect of approximately 23 t-CO₂.



Solar power generation panel at Nikon Kumagaya Plant



Solar power generating equipment on the wall of a building of Nikon Yokohama Plant

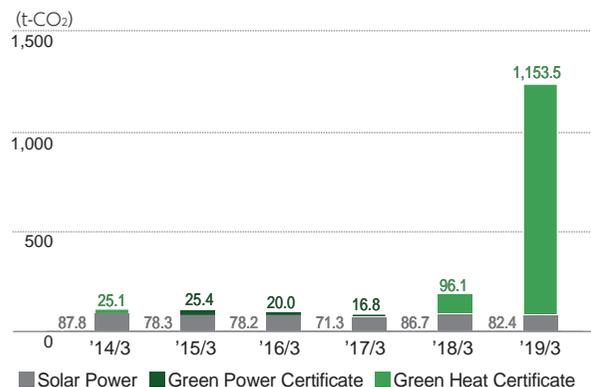


Solar panels installed at Nikon India Private Limited



Monitor showing the amount of power generated in real time at Nikon Kumagaya Plant

Changes in CO₂ Emissions Reduction through the Use of Renewable Energy



* CO₂ emissions factors including the Basic Emissions Factors by Electric Power Utility, the country factors defined by International Energy Agency (IEA), and those used in "List of Calculation Methods and Emissions Factors for Calculation, Reporting and Announcement Systems" specified in the Act on Promotion of Global Warming Countermeasures, have been used in calculating the effects of CO₂ reductions.

Examples of CO₂ Emissions Reduction Measures Implemented by Nikon Group

Reducing CO₂ Emissions by Making Product Development More Efficient

By continuing to strive for further improvement and evolution in the core technologies that underpin our manufacturing operations, the Nikon Group is able not only to enhance the efficiency of development and production operations and raise quality standards, but also to reduce the environmental impact by achieving reductions in energy consumption and the generation of waste.

Optical technologies, one of the core technologies of the Nikon Group, is supported by optical glass with high performance and quality. The development and manufacturing process of optical glass uses the high temperatures of melting furnaces and requires repeated experiments which leads to high energy consumption and a large amount of waste. The Nikon Group has therefore focused its attention on its approach to quality engineering. In order to make the development and manufacturing process of optical glass significantly more efficient, Nikon has worked to reduce the number of experiments through simulations, shortened lead times, and improved the accuracy of its stamping (metalworking). As a result we have achieved significant reductions in energy consumption, CO₂ emissions and waste emissions leading to a greatly reduced impact on the environment.

Conserving Energy at Plants

The measures taken at Nikon Kumagaya Plant to reduce electric power usage, improve the efficiency of air conditioning units, etc., has won recognition in the awarding of the 2017 Outstanding Performance Award by the Kanto Region Electric Power Usage Rationalization Committee.

Furthermore, in February 2019, Nikon received an award from the Kanto Bureau of Economy, Trade and Industry as an outstanding company which has made a notable contribution to energy conservation. The main initiatives carried out at Nikon Kumagaya Plant are as follows.

Review of Air-conditioner Operating Time

In-room air conditioning has, in principle, been switched off after the end of normal working hours and on weekends and public holidays, reducing the amount of electricity used. Air conditioning in clean-rooms is also switched off at night where possible, reducing the amount of electricity used without affecting product quality.

More Efficient Compressor Use

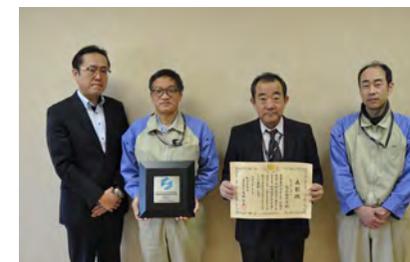
Two compressor centers have been consolidated into one thereby reducing power consumption.

Adoption of Inverters for Plant Equipment

The Plant has installed inverters on seven pumps used for production equipment and air conditioning, thereby realizing a reduction in electric power usage.

Reduced Energy Consumption from Heat Source Machinery Optimization

Based on heat source monitoring data (heat capacity of cold water production, operation times for each heat source machine, amount of energy used, etc.), optimum running times have been determined with machinery being used at different times. In monetary terms 28.78 million yen worth of energy savings have been made.



Nikon Kumagaya Plant receiving the Award from the Kanto Bureau of Economy, Trade and Industry

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Conserving Energy at Offices

All Nikon Group business facilities are switching over to highly efficient lighting, adopting motion sensor-equipped lighting, and working to make air conditioning equipment and office machinery more efficient.

Column

I AM GREEN activities at Nikon Precision Inc.

Nikon Precision Inc. (USA) is promoting environmental activities with the I AM GREEN Committee taking a leading role. The company is continuously working on increasing the efficiency of the building facilities and introducing LED lighting as part of our energy saving measures. In December 2018, a project was completed to replace the cooling tower of the building with one that is efficient and easy to maintain. This has reduced the energy consumption of the cooling tower by 64%. As well as reducing the environmental impact of the buildings and facilities, the I AM GREEN Committee focuses on recycling, commuting, and raising awareness of the environment among employees.



The new cooling tower at Nikon Precision Inc.

Measures Adopted in Regard to Commuting and Company Vehicles

All Nikon Group business facilities are making efforts to adopt fuel-efficient vehicles such as hybrid cars, and other environmentally-friendly cars, as company cars. Many business sites are also working towards less impact on the environment for when employees commute, such as by actively using public transport, car sharing, and encouraging employees to cycle to work.

Nikon Precision Inc. and Optos Plc (UK) have installed electric vehicle charging stations on company premises and encourage employees to use environmentally friendly vehicles. The Hungarian office of Nikon CEE GmbH has also initiated a program to encourage cycling to work once in the spring and fall. The office also took part in the May 2018 initiative in Budapest which encourages cycling to work.



Electric vehicle charging station at Optos Plc

Reducing CO₂ Emissions in Distribution

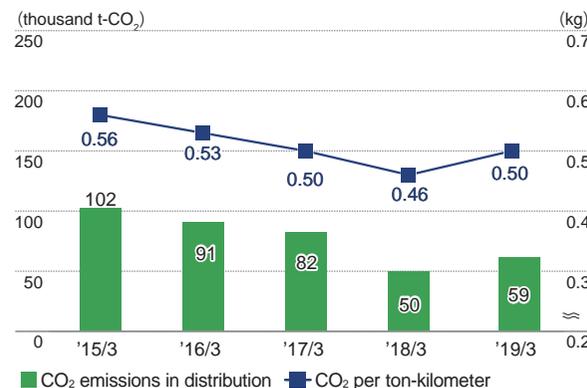
The Nikon Group, which is expanding its business globally, considers initiatives in distribution to be extremely important for reducing CO₂ emissions and so is developing various measures.

Understanding CO₂ Emissions in Distribution

As the products of the Nikon Group are manufactured in facilities located mainly in Asia and distributed worldwide, Nikon has identified the distribution routes, including those used by the Group manufacturing companies in Japan, and obtained numerical data on transportation volumes and CO₂ emissions, and we are working to reduce CO₂ emissions during transport. We calculate CO₂ emissions resulting from distribution by using a Greenhouse Gas Protocol (GHGP) tool.

In the fiscal year ended March 31, 2019, CO₂ emissions amounted to 1,350 t-CO₂ for distribution in Japan and 57,000 t-CO₂ for international shipment and distribution outside Japan.

CO₂ Emissions from Distribution in Japan, International Shipment and Distribution outside Japan



Promotion of Modal Shifts

The Nikon Group promotes modal shifts* in order to reduce environmental impact. We are shifting the main modes of delivery from airplane to ship, and from truck to railway.

For example, the Nikon Group is considering and testing measures to realize rail transport from China to Europe. This shift from air to rail can reduce distribution-related CO₂ emissions to around one-seventieth.

Furthermore, Nikon Vision Co., Ltd. has actively promoted the switch from conventional flights to shipping in transportation from Southeast Asian countries to the United States, contributing to the reduction of CO₂ emissions. In the future Nikon plans to further expand the switch to shipping in other areas too.

Besides products, a similar shift is being promoted with respect to the supply of packaging materials to procurement partners, as well as the transportation of delivery cases, installation tools, etc.

* Modal shift:
This term is normally used to refer to a shift to a different method of transport, in order to reduce the impact on the environment.

Environmentally-friendly Transportation

Besides gradually shifting over to the use of environmentally-friendly vehicles with low fuel consumption for both company cars and delivery trucks, the Nikon Group is also implementing measures to promote eco-driving (fuel-efficient driving).

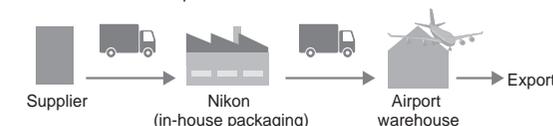
Nikon Business Service Co., Ltd., which provides logistics and transportation services for the Nikon Group, requires all of its drivers in Japan to undergo regular eco-driving training courses. The Nikon Group is also implementing measures to improve transportation efficiency. For transport between Nikon Kumagaya Plant and Narita Airport, a shift from having delivery vehicles depart on an “as-needed” basis to a system of regular scheduled deliveries has led to a dramatic improvement in efficiency. In addition, navigation systems have been installed on all vehicles with traffic information, etc. being communicated to drivers in real time, resulting in better travel routes. Also, when selling and exporting auxiliary materials from Japan to Thailand and China, goods used to be purchased from suppliers and brought in to our own warehouses where they were packaged for export and then sent to the airport warehouse. From the fiscal year ended March 31, 2019, some goods are being transported directly from suppliers to the airport warehouse. As well as being able to reduce the amount of packaging materials used due to no packaging work in the company, we have also been able to reduce domestic transportation distances which has led to a reduction of CO₂ emissions by approximately 400 kg-CO₂. Measures are also being taken to reduce delivery distances, by adjusting transportation routes for international logistics.

In order to realize more efficient transportation, Nikon has also recognized that measures which target the upstream segment of the product life-cycle are very important. Since

the fiscal year ended March 31, 2018, the Nikon Group has involved not only logistics departments but also the planning departments of each division to promote the transportation efficiency. For example, the specifications for the size, materials and shape of the packaging boxes that Nikon products are packaged in, and for the types of user manual that are utilized, are being designed in such a way that the volume occupied by products during transportation is taken into account right from the initial product design stage. Other steps are also being taken to further enhance Nikon’s environmentally-friendly logistics, such as doing away with the need for outer packing cases by shifting away from container transport to pallet transport, etc.

The Direct Route Distribution Model

The conventional transportation route



Changed to airport direct route

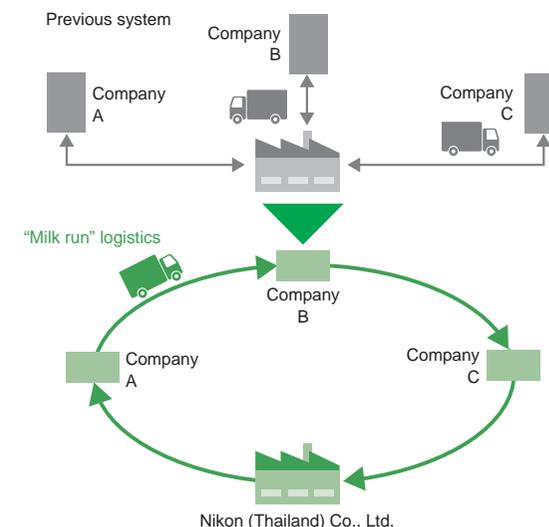


Streamlining Delivery with Milk Run Method

Nikon (Thailand) Co., Ltd. used to deliver to each partner company individually, but has now switched over to using milk run logistics in which a single vehicle may make deliveries to several different firms located within the same region. Specifically, Nikon (Thailand) has joined up with 11 partner companies to establish four routes for deliveries of parts, tools and packaging materials within the Ayutthaya, Saraburi, Chachoengsao and Korat regions.

Nikon (Thailand) has also switched over to using full trailers in order to be able to make deliveries to both Nikon Lao Co., Ltd. (Laos) and nearby partner companies on the same trip. By restructuring deliveries so that each truck movement involves deliveries to at least two different firms, Nikon (Thailand) has succeeded in reducing expenditure on fuel for transportation purposes by 12.5%. The adoption of “milk run” logistics by Nikon (Thailand) has cut transportation-related CO₂ emissions by around 50%.

The “Milk Run” Logistics Model Adopted by Nikon (Thailand) Co., Ltd.



Priority Issue 5 Promoting Resource Circulation



What We Intend to Achieve in 3 to 5 Years	Targets for the Fiscal Year Ended March 31, 2019	Results	Scope
Promotion of the reuse and recycling of waste	Nikon and Group manufacturing companies in Japan: Maintain level S	Maintained level S (Final landfill disposal rate 0.41%)	Nikon / Group manufacturing companies in Japan
	Group manufacturing companies in China: Maintain level 1	Maintained level 1 (Final landfill disposal rate 0.65%)	Group manufacturing companies in China
	Implement measures to recycle chemical substances	Established a method to reuse abrasives for recycling waste. Planned to develop the reuse method in polishing workplaces within the Group	Nikon Group in Japan / Group manufacturing companies outside Japan
Promotional measures to foster the cyclical utilization of water resources that are suited to local needs	Formulation of targets for enhancing water use efficiency in line with the level of water risk in each region	Established goals of reducing water consumption by reuse of ultrapure water system drainage	Nikon Group in Japan / Group manufacturing companies outside Japan
Promotion of the "3Rs" (Reduction, Reuse, and Recycling) with respect to products and parts	Promote the reuse and recycling of products, parts and materials	Continued sales of refurbished semiconductor lithography systems. Received the Chairman's Award from the 3R Promotion Council for reuse and reduce activities of semiconductor lithography systems	Nikon Group

Product Reuse and Recycling

As a supplier of products to countries all over the world, the Nikon Group is working tirelessly to reduce the total environmental impact of its products and services by reuse and recycling used products.

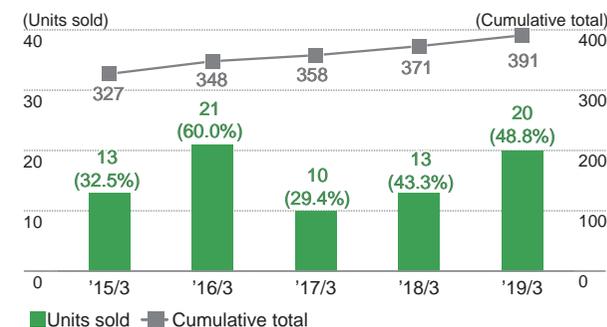
Sales of Refurbished Lithography Systems and Reuse of Projection Lenses

In the fiscal year ended March 31, 2001, the Nikon Group launched a commercial service for collecting used Nikon semiconductor lithography systems from customers, reconditioning them, replacing parts, reconfiguring them, and installing them for new customers in and outside Japan. This business is an example of Nikon's practice of reusing its own products. As of the fiscal year ended March 31, 2019, Nikon had sold a cumulative total of 391 refurbished semiconductor lithography systems.

Nikon is also working on extending the life of lithography systems by using Nikon's latest technology to reuse and replace projection lenses which have deteriorated through long-term use by clients and which cannot retain their basic exposure performance.

In recognition of these achievements, Nikon and Nikon Tech received the Chairman's Award from the Reduce, Reuse, and Recycle Promotion Council at the 2018 Reduce, Reuse, and Recycling Achievement Awards Ceremony held in October 2018.

Sales Trends of Refurbished Semiconductor Lithography Systems (for IC)



* Number shown in () denotes the percentage of total units sold.

Battery Recycling

In Japan, Nikon has been collecting and recycling end-of life rechargeable batteries used in Nikon digital cameras from users via JBRC* since 2001.

* Japan Portable Rechargeable Battery Recycling Center (JBRC)
JBRC is an organization that promotes the recycling of small rechargeable batteries in accordance with the provisions of the Act on the Promotion of Effective Utilization of Resources.



Battery recycling mark

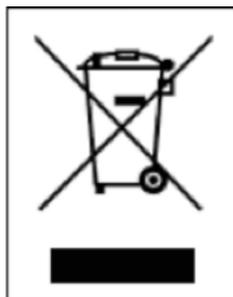
Recycling and Reuse of Used Nikon Products

Under the WEEE Directive*¹, European countries have been developing national laws in relation to the collection and recycling of used electrical and electronic equipment. In response to these laws, we have been working to fulfill our responsibility for the collection and recycling of Nikon digital cameras and other products.

We have registered with local collection organizations in more than 30 countries, and have established collection and recycling networks in each country.

We are also implementing assessments at the design stage of products and promoting easy-to-disassemble design, a reduction in the number of types of raw materials used, and extensive utilization of recycled resources, to comply with the provisions of the Act on Promotion of Recycling of Small Waste Electrical and Electronic Equipment*² in Japan.

As to reuse, we have a service whereby digital cameras returned by customers are repaired and then sold as refurbished cameras in and outside Japan.



EU recycling symbol

*1 WEEE Directive (Waste Electrical and Electronic Equipment):
Under legislation enacted in the EU in 2003 (and revised in 2012), Member States are required to collect and recycle waste electrical and electronic equipment.

*2 Act on Promotion of Recycling of Small Waste Electrical and Electronic Equipment:
Enacted on April 1, 2013, this legislation stipulates the responsibilities of various entities, including the national and local public bodies, business operators and manufacturers, with respect to the promotion of recycling of small waste electrical and electronic equipment such as digital cameras and game devices, etc.

Recycling of Packaging Materials

The Nikon Group promotes the recycling of packaging materials for Nikon products including digital cameras in Japan by outsourcing the task to the Japan Containers and Packaging Recycling Association. In Europe, under the EU Packaging and Packaging Waste Directive, each country has developed a packaging waste recovery and recycling system in accordance with its national laws. Many of these frameworks have adopted the Green Dot system*. In the EU, the Nikon Group pays recovery and recycling fees to recycling organizations in each country, and displays the Green Dot symbol on its product packaging. In this way, the Nikon Group cooperates in the promotion of the recovery and recycling of packaging materials.



Green Dot Mark

* Green Dot System:
A recovery and recycling system for packaging waste adopted by domestic legislation in EU Member States in accordance with the 1994 EU Packaging and Packaging Waste Directive.

Column

Recycling at Nikon Tsubasa Inc.

Nikon Tsubasa Inc. is a special subsidiary established in 2000 in accordance with the Act on Employment Promotion, etc. of Persons with Disabilities. It undertakes the disassembly and recycling of items such as prototypes, products used at exhibitions, and PC hard drives, etc. that are no longer needed, for the Nikon Group. We previously paid waste disposal companies to dispose of such items as waste; now, by implementing separation and disassembly, we are able to transform this waste into valuables that can be sold. Furthermore, disposing of such items within the Group has profound significance from the perspective of information security (including confidentiality, etc.). The Nikon Group will continue to promote this type of activity in the future.



After products have been received, the operatives disassemble the products down to the smallest possible units by hand, and separate the parts into 15 different types of materials (including glass, metal, plastic, etc.). In the case of complex products, it can take more than one day to disassemble a single unit.



Before the operatives start work, an instructor shows them how to implement the disassembly for that particular product. The instructor also performs final inspection to check that products have been properly disassembled. Careful attention is paid to operatives' safety; for example, protective glasses and gloves must be worn while working.

Total Quantity of Materials Separated through Disassembly (Fiscal Year Ended March 31, 2019)

Material Category	Quantity of Material Collected
Crude iron (ferrous metals)	308kg
Nonferrous metals (copper/aluminum, etc.)	429kg
Plastic	1,910kg

For more information about Nikon Tsubasa Inc., see: Promoting the Success of Diverse Employees > Supporting People with Disabilities ([P107](#))

▶ [Nikon Tsubasa Inc.](#)
<http://www.nikon-tsubasa.co.jp/> (in Japanese)

Efforts to Packaging and Bundled Items

The Nikon Group makes efforts to improve recyclability by reducing the use of hazardous substance, as well as seeking to save resources by downsizing and lightening of packaging.

Promoting the Use of Environmentally-friendly Packaging

We formulated the Nikon Packaging Assessment in 2001 for improving the environmental compatibility of our packaging. Based on this, we evaluate and confirm the following items during design review and production of packaging when developing new products in each business unit. Moreover, this assessment has been revised as appropriate in accordance with trends in relevant laws and regulations.

Primary Assessment Items

- Restriction of hazardous substances
- Clear identification of materials
- Reduction of volume and weight
- Easy sorting and separation (recyclability)
- Improvement of transport efficiency (standardization of shape, etc.)

Downsizing / Lightening of Packaging Boxes

At Nikon, we have designed the inner and outer packaging for the golfer's laser rangefinder COOLSHOT PRO STABILIZED and managed to reduce the size of packaging by reviewing the way of encasing the product.

As a result, we reduced the volume of the box by about 19% and the amount of packaging material by about 39%. These reductions have also led to labor savings and efficiencies in transportation energy.

This packaging won the Electric Equipment Packaging Award at the 2018 Japan Packaging Contest sponsored by the Japan Packaging Institute.



The COOLSHOT PRO STABILIZED packaging

Reduction in the Amount of Paper Used in the Production of User Manuals, etc.

The Nikon Group is making efforts to save resources by coming up with novel ideas to include user manuals and materials together with its products.

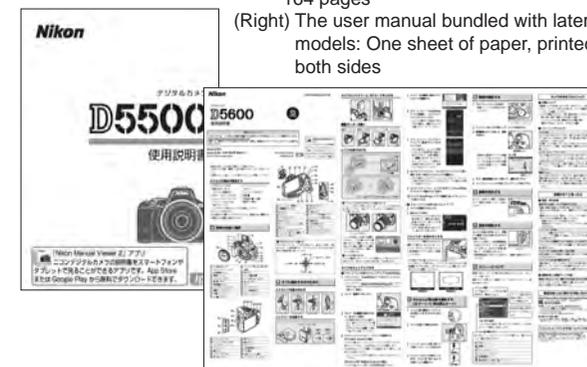
For example, user manuals of more than 3,000 pages for semiconductor lithography systems have been digitalized and distributed in the form of CD-ROMs since 2008. This allows us to save approximately 100,000 sheets of paper each year.

For digital cameras two types of user manual are provided: a concise manual in booklet form, and a more detailed manual in electronic form. Only the concise manual is bundled with the camera; the more detailed electronic manual can be downloaded from Nikon website.

We have greatly reduced the amount of paper in the Digital SLR Camera user manual by moving away from a booklet manual to a folded type.

(Left) The user manual bundled with the D5500: 164 pages

(Right) The user manual bundled with later models: One sheet of paper, printed on both sides



Initiatives Aimed at Reducing Waste, etc.

While working to reduce the amount of waste generated, the Nikon Group is also taking steps to improve resource efficiency by defining level-specific targets for zero emissions.

Towards Zero Emissions

The Nikon Group introduced level-specific targets into its zero emissions*¹ initiatives, starting from the fiscal year ended March 31, 2009.

Nikon and the Group manufacturing companies in Japan had all achieved Level S by the fiscal year ended March 31, 2016. This Level S was maintained in the fiscal year ended March 31, 2019. Outside Japan, Hikari Glass (Changzhou) Optics Co., Ltd. and Nanjing Nikon Jiangnan Optical Instrument Co., Ltd. also maintained Level 1. Additionally, construction of a system for capturing zero emissions data has been completed for Nikon (Thailand) Co., Ltd.

The Nikon Group will promote further zero emissions measures.

*¹ The concept of zero emissions was first advocated by the United Nations University in 1994. It takes a view to reducing waste from the whole of society to zero by recycling waste from one industry for use as a resource in other industries.

Zero Emission Level-specific Targets

Level S: Final landfill disposal rate of less than 0.5% (from the fiscal year ended March 31, 2014)

Level 1: Final landfill disposal rate of less than 1%

Level 2: Final landfill disposal rate of less than 5%

Level 3: Final landfill disposal rate of less than 10%

Level 4: Final landfill disposal rate of less than 20%

Zero Emission Levels

	March 31, 2017	March 31, 2018	March 31, 2019
Nikon (All six plants)	Level S	Level S	Level S
Tochigi Nikon Corporation / Tochigi Nikon Precision Co., Ltd.	Level S	Level S	Level S
Sendai Nikon Corporation	Level S	Level S	Level S
Miyagi Nikon Precision Co., Ltd.	Level S	Level S	Level S
TNI Industry Corporation	Level S	Level S	Level S
Hikari Glass Co., Ltd.	Level S	Level S	Level S
Hikari Glass (Changzhou) Optics Co., Ltd.	Level 1	Level 1	Level 1
Nanjing Nikon Jiangnan Optical Instrument Co., Ltd.	Level 1	Level 1	Level 1

Waste Reduction Performance

The amount of waste (excluding resources with economic value) generated by Nikon during the fiscal year ended March 31, 2019 was 1,820 tons, while the total for the Group companies in Japan was 2,214 tons. The total amount of landfilled waste generated by Nikon and the Group companies in Japan was 22 tons, with 4,032 tons of waste being recycled. Together, Nikon and the Group companies in Japan achieved their target of reducing the amount of waste generated to below the level in the fiscal year ended March 31, 2018.*¹

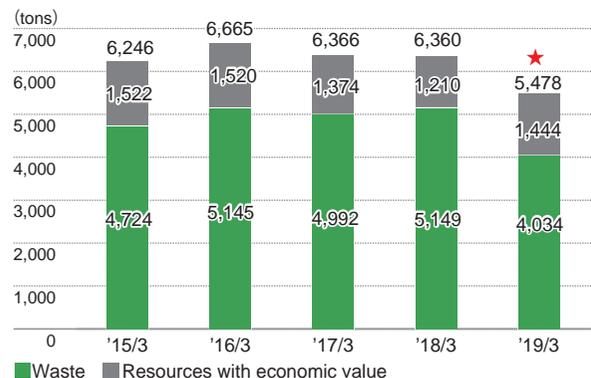
The total amount of waste generated by the Group manufacturing companies outside Japan was 2,975 tons*²★.

*¹ Waste generated in the relocation of the Head Office and in other relocations relating to organizational restructuring is classed as "special disposal" and is not included in the target values. Also, Nikon CeLL innovation is not included.

*² Waste from Nikon Lao Co., Ltd. and some Nikon (Thailand) Co., Ltd. facilities, UK and USA are excluded.

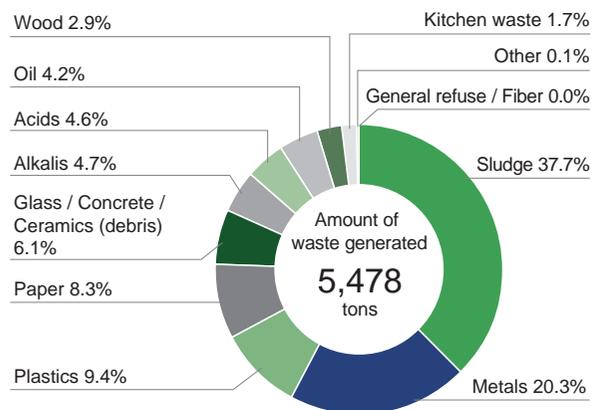
★: Values assured by the third party.

Changes in the Amount of Waste (Waste plus Resources with Economic Value) Generated by Nikon and Group Companies in Japan



* Data includes special disposal.
 * Boundaries have been expanded since the fiscal year ended March 2017.
 * Nikon CeLL innovation is not included.
 ★: Values assured by the third party.

Breakdown (by Category) of Waste (Waste plus Resources with Economic Value) Generated by Nikon and Group Companies in Japan (Fiscal Year Ended March 31, 2019)★



* Nikon CeLL innovation is not included.
 ★: Values assured by the third party.

Nikon Group's Waste Reduction and Resource Circulation Measures

Approach to the Manufacturing Process

Abrasives used to finish optical glass are discarded as sludge after use. Sludge accounts for about 40% of waste discharged from the Nikon Group in Japan. In the fiscal year ended March 31, 2019, Nikon established a method to reuse this abrasive. We will roll out this method to the entire Group in the future and work to reduce sludge waste.

At Sendai Nikon Corporation, as a way to deal with Chinese (and other countries') import regulations for waste plastic, waste is sorted by material and color, and gate parts from molded products are crushed on site. By raising the value of waste plastic we maintain it as a valuable resource. Additionally, to facilitate recycling oil is separated from metal shavings by centrifugal separation and foam polystyrene is heated to reduce its volume.

Paper Resource Initiatives

The Nikon Group is working to reduce the amount of printed documents by digitizing materials for meetings, etc. Nikon Instruments (Shanghai) Co., Ltd. (China) and Nikon International Trading (Shenzhen) Co., Ltd. (China) have changed the settings of multifunction devices and introduced new software, which reduces the amount of paper used by allowing confirmation before accidental or unnecessary copying.

Column

Our Approach towards Plastic Waste

In recent years, pollution of the sea from plastic waste has become a global problem. Optos Plc (UK) and its subsidiaries are working to reduce the use of disposable plastic products. Optos Plc's office has already completely done away with disposable plastic cups, forks and spoons. A similar activity is planned at Optos Inc. (USA) which is expected to eliminate the use of approximately 20,000 polystyrene cups and about 18,800 plastic forks and spoons annually.



A mug used at Optos Inc.



A logo used in environmental activities at Optos Plc and its subsidiaries

Protection of Water Resources

The Nikon Group recognizes the vital importance of water resources, and is making serious efforts to help safeguard them. Nikon Group seeks to identify how much water is used at each business facility and each Group manufacturing company and how this water is used, and utilizes this information as a basis for appropriate management aimed at reducing water usage.

Nikon's Water Risk

The Nikon Group implements water risk assessments with respect to four business facilities in and outside Japan where water risk is considered to be high. In the downstream area where each facility is located, we carried out surveys and an analysis of the potential water risks, disasters, and pollution. As a result, we confirmed that Nikon (Thailand) Co., Ltd. is located in a flood area but the overall level of water risk is not high. Nikon (Thailand) Co., Ltd., a major manufacturing company in the imaging business, was damaged by the 2011 floods in Thailand. Based on this experience, in 2012 we implemented measures which included putting important equipment on the second floor of the building and maintaining a separate plant so that the manufacturing process can be carried out in multiple locations. And since 2013 manufacturing processes have also been allocated to Nikon Lao Co., Ltd. (Laos) and other companies.

Water Resources Used and Discharged

The Nikon Group's goal is to improve water use efficiency in line with the level of water risk in each region, and promote the use of water resource circulation. In particular, optical components require large quantities of water in the production process. The business facilities and the Group manufacturing companies engaged in the manufacturing of optical components therefore pay special attention to ensuring that wastewater generated in the production process is properly treated, and endeavor to ensure that as much as possible of the water is reused. In addition, water conservation activities are implemented thoroughly to reduce overall water consumption.

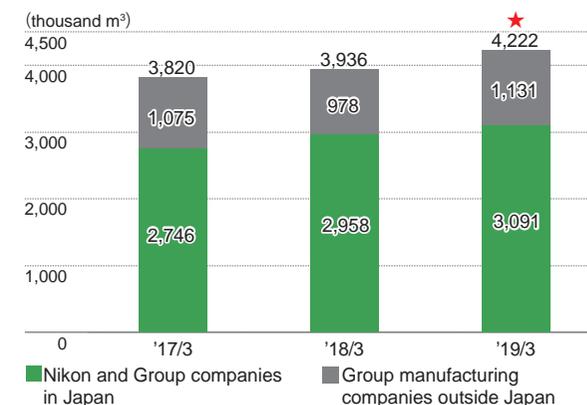
Water Use, Water Discharge and Water Reuse for Nikon and Group Companies in Japan, and Group Manufacturing Companies outside Japan (Fiscal year ended March 31, 2019)

(Unit: thousand m³)

		Nikon and Group companies in Japan		Group manufacturing companies outside Japan	
Used★	Tap water	808	3,091	743	1,131
	Groundwater	2,280		388	
	Other	3		1	
Discharged★	Rivers, etc.	1,113	2,547	8	908
	Sewage	1,434		900	
Reused		38		249	

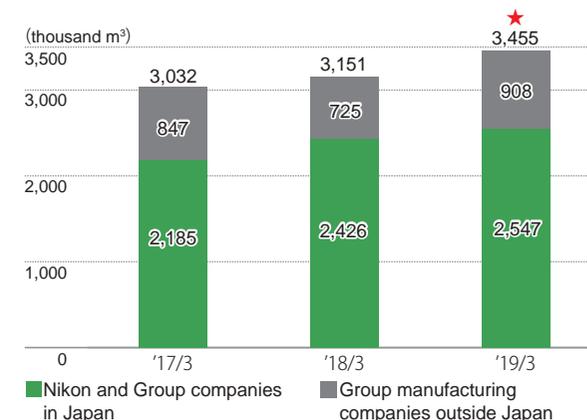
★: Values assured by the third party.

Changes in Nikon Group's Water Use



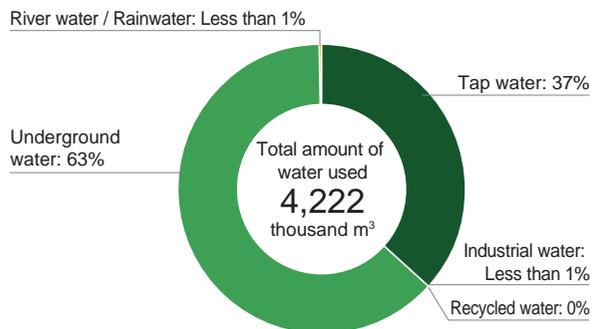
★: Values assured by the third party.

Changes in Nikon Group's Water Discharge



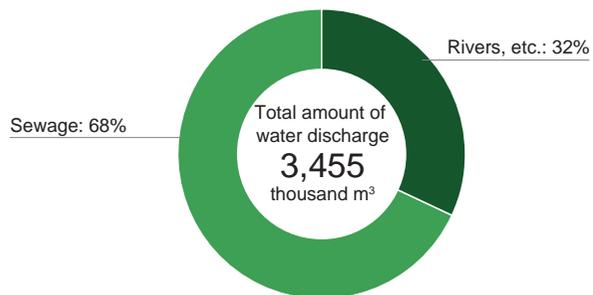
★: Values assured by the third party.

**Breakdown of Water Use by Nikon Group★
(Fiscal Year Ended March 31, 2019)**



★: Values assured by the third party.

**Breakdown of Nikon Group's Water Discharge★
(Fiscal year ended March 31, 2019)**



★: Values assured by the third party.

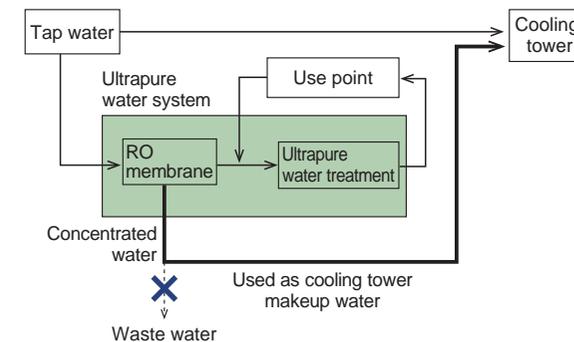
Nikon Group's Water Recycling Measures

Nikon Sagamihara Plant implements an integrated process covering every stage from optical glass materials manufacturing through to component processing, and as a result uses large amounts of water resources; the Plant accounts for around half of all water used by the Nikon Group in Japan. The waste gas cleaning process uses the largest amount of water. The process uses water as an adsorbent to remove acid components contained in gas left over from the glass manufacturing process. Nikon Sagamihara Plant recovers and treats the water used in the waste gas cleaning process and approximately 60% of it is reused.

Nikon Kumagaya Plant also manufactures semiconductor lithography systems. A large amount of ultrapure water is required in the manufacturing process of semiconductor lithography systems. In order to produce ultrapure water, tap water is first fed into the ultrapure water system and separated into pure water and concentrated water by the RO membrane. The pure water is treated further to produce ultrapure water but the concentrated water is conventionally drained away as waste water. As a way to make effective use of this concentrated water, Nikon has implemented a process to use it as makeup water for cooling towers. As a result Nikon was able to significantly reduce the amount of tap water used. According to 6 months of actual data from August 2018, approximately 15,000 m³ of concentrated water is used as cooling tower makeup water.

Nikon Lao Co., Ltd. (Laos) is located in a district with basic water supply infrastructure, and has been actively implementing measures to improve water resource efficiency. The company has already been using purified sewage water for flushing toilets and for garden sprinkler systems; starting from February 2018, it also began using purified sewage water as cooling water.

The Process of Recycling RO Concentrated Water at Nikon Kumagaya Plant



Waste water treatment system at Nikon Lao Co., Ltd.

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Priority Issue 6 Contributing to a Healthy and Environmentally Safe Society



What We Intend to Achieve in 3 to 5 Years	Targets for the Fiscal Year Ended March 31, 2019	Results	Scope
Appropriate management of the chemical substances used in production	Implementation of activities based on the Nikon Group Chemical Substance Management Guidelines	Decided measures to completely abolish 1-bromopropane in all departments and completed its replacement in half of all facilities	Nikon Group in Japan / Group manufacturing companies outside Japan
Appropriate management of chemical substances contained in products throughout the supply chain	Maintain compliance with the hazardous chemical substance laws and regulations of each country (RoHS, REACH, etc.)	Complied with the hazardous chemical substance laws of each country (RoHS, REACH, etc.). Completed substitution of four phthalates subject to RoHS	Nikon Group
	Start full-scale operation of chemSHERPA	ChemSHERPA was introduced in all business units	Nikon Group
	Improve the efficiency of Nikon Green Procurement auditing operations with respect to procurement partners	20% of target audits have begun as a trial	Nikon Group / Procurement partners
Implementation of activities aimed at safeguarding biodiversity	Promote FSC-certified paper use for newly-printed paper items with Nikon logo	Product catalogs: About 99% of new orders in Japan (except for special paper) used FSC-certified papers; Instruction manuals: More than half of new orders in Japan used FSC-certified papers; Product packaging boxes: Started to use FSC-certified papers with binoculars, etc.	Nikon Group

Reducing Hazardous Chemical Substances in Products

The Nikon Group has formulated a range of measures for all of our products, to reduce hazardous substances and ensure compliance with international laws and regulations on hazardous chemical substances.

Responding to Regulations on Hazardous Chemical Substances

To safeguard human health and reduce environmental risks, the Nikon Group strives to implement rigorous chemical substance management that adheres to international regulatory frameworks. More specifically, we respond appropriately to international environmental laws and regulations that include the EU's RoHS directive*¹ and REACH regulation*².

As Nikon products are made from a very large number of materials and components, we work closely with our

procurement partners to survey the chemical substances contained in products using chemSHERPA and reduce the use and discharge of hazardous chemical substances in the supply chain.

*1 RoHS directive (Restriction of Hazardous Substances) An acronym for a directive on restriction of use of specified hazardous substances in electrical and electronic equipment.

*2 REACH regulation
An EU regulation on chemical substances that came into effect in 2007. REACH stands for "Registration, Evaluation, Authorisation and Restriction of Chemicals." Under this regulation, manufacturers and importers of chemical substances are required to register information on the safety and use of these substances.

Main Measures for Chemical Substance Management

1. Researching on recent global trends in related laws and regulations
 - Collecting information from external committees, etc.
2. Implementing surveys of hazardous chemical substances in products
 - Conducting surveys via the supply chain
 - Making effective use of IT to realize efficient data management
 - Implementing chemical analysis, etc.
3. Discussing countermeasures of the Nikon Group
 - Utilizing the relevant internal environment-related systems (committees, etc.)
4. Communicating countermeasures, both internally and externally, in a timely manner
 - Providing instructions regarding reduction or switching over to alternatives to hazardous chemical substances, etc.
 - Formulating and updating the Nikon Green Procurement Standards
5. Confirming appropriate response to laws and regulations
 - Implementing assessments
6. Confirming the chemical management implementation status of procurement partners, and helping them to upgrade it
 - Auditing procurement partners' chemical substance management systems
 - Providing support to help procurement partners establish chemical substance management systems

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Abolition of All Ozone-layer-depleting Substances

The Nikon Group has abolished the use of ozone-depleting substances (HCFCs), which were used as refrigerants needed to regulate the temperature in semiconductor and flat-panel display (FPD) lithography systems since the fiscal year ended March 31, 2009. With regard to devices sold in the past that used HCFCs as the refrigerant, Nikon is developing new types of air cooling unit that do not use HCFCs, and which can be installed in these older devices. With the production of HCFCs scheduled to be terminated in 2020, these measures by Nikon are helping not only to reduce HCFC usage but also to extend the product lifespan of older devices.

Adoption of Technology that Does Not Use Hazardous Substances

The Nikon Group has worked to develop technology that does not use hazardous substances.

Development of lead- and arsenic-free glass

In the 1990s the Nikon Group developed lead- and arsenic-free glass*, as we recognized that the lead and arsenic used in most optical glass at that time had a serious environmental impact.

Across-the-board Adoption of Lead-free Solder Technology

The Nikon Group has adopted a thorough-going approach to the adoption of lead-free solder. Today, the ratio of lead- and arsenic-free glass, and lead-free solder, in new designs is 100%, with the exception of certain products with special specifications for industrial use.

Adoption of Hexavalent Chromium-free Technology for Surface Treatment Processes

We have formulated rigorous technical standards in order to discontinue the use of heavy metals (hexavalent chromium, lead, cadmium, and mercury) in all surface treatment processes, including plating. We perform individual technical support and confirmation by chemical analysis of actual products for our procurement partners that outsource the surface treatment processes.

* Lead- and arsenic-free glass

For the optical glass used in the lenses and prisms of optical instruments, Nikon has developed a new type of glass that contains absolutely no lead or arsenic. The ratio of lead- and arsenic-free glass is 100% used now in almost all Nikon product lines.

Substitution of Parts Containing Four Phthalate Esters

In July 2019, four phthalate esters (DEHP, DBP, BBP, and DIBP) will be added to the prohibited substances under RoHS. Ahead of this, Nikon specified these phthalate esters as prohibited substances under the Nikon Green Procurement Standards a year earlier in July 2018 and has already completed substitution of parts containing them.

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Promoting Green Procurement

Working in collaboration with our procurement partners, the Nikon Group works to realize Green Procurement in the supply chain.

Approach to Green Procurement

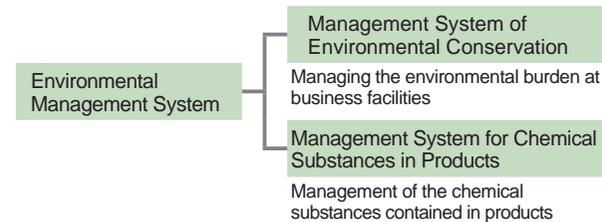
Nikon has formulated the Nikon Basic Green Procurement Policy. The Nikon Group's fundamental approach to Green Procurement, based on the Policy, is to give priority to the purchase of items produced while taking environmental issues into consideration and to purchasing from procurement partners who are proactive in caring for and conserving the environment.

More specifically, we have drawn up the Nikon Green Procurement Standards, and we require procurement partners to establish and properly utilize an environmental management system (comprising both a management system for safeguarding the environment and a management system for chemical substances in products). With regard to management of chemical substances in products, the "Separate Volume – Corresponding Chemical Substance List" compiled as an annex to the Nikon Green Procurement Standards specifies which chemical substances are prohibited and which must be specially managed, and procurement partners are expected to follow these requirements. Both the Standards and the List are revised and updated regularly in line with domestic and international laws and regulations.

[▶ Nikon Green Procurement Standards](#)

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

Environmental Management System



Green Procurement Promotion System

The Nikon Group has established the Green Procurement Promotion Conference (the members of which comprise mainly section managers who are involved in the practical aspects of green procurement) under the Supply Chain Subcommittee to formulate concrete activity plans and discuss and implement relevant measures.

Auditing of Procurement Partners' Environmental Management Systems, and Nikon Environmental Partner Certification

To verify that the environmental management systems specified by the Nikon Green Procurement Standards are being properly established and utilized, the Nikon Group has selected approximately 500 manufacturing-related procurement partners to be the targets of environmental management system audits, taking into account the risk of the procurement partner being involved in a violation of environment-related laws and regulations; a plan has

been formulated for completing the auditing of the selected companies by the fiscal year ending March 31, 2022. If the audit results show any nonconformities in the environmental management system, the procurement partner in question will be required to remedy the situation. In the case of procurement partners that have not yet put an environmental management system in place, depending on the circumstances the Nikon Group may provide support to help them establish their own system. Where the audit results show that a procurement partner meets the environmental management system requirements specified by the Nikon Green Procurement Standards, that procurement partner will be certified as a Nikon Environmental Partner (Environmental Partner certification). In the fiscal year ended March 31, 2019, 13 of the 26 companies that were newly certified as Nikon Environmental Partners were asked to implement corrective action, which they proceeded to do. In addition, the Nikon Group provided support to help a further 7 procurement partners establish their own environmental management systems. The corrective action mainly involved cases where a procurement partner had failed to verify the chemical substance management systems of its own suppliers, or had failed to ensure that suppliers provided updated information.

In the fiscal year ended March 31, 2019, an additional 26 procurement partners were certified as Nikon Environmental Partners, exceeding the cumulative target of 470 firms, and bringing the cumulative total of Nikon Environmental Partners to 476 firms.

For the fiscal year ending March 31, 2020, a target has been set of bringing the cumulative total of Nikon Environmental Partners up to 488.

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Environmental Partner Certification Renewal

The period of validity of Nikon Environmental Partner certification is set at three years, and we conduct a renewal audit every three years. In the renewal audit, Nikon Environmental Partners are required to submit updated information. If there have been any substantial changes to production locations or management systems, then the procurement partner in question will be required to undergo a full audit, otherwise a documentary audit will be implemented.

In the fiscal year ended March 31, 2019, we conducted certification renewal audits on 82 companies.

Nikon Group Audit and Certification Performance

(Unit: companies)

Category	Fiscal Year Ended March 31, 2019	
Environmental Partner Certification Performance *Certification target: 470	Performance in the fiscal year ended March 31, 2019	Cumulative total
	26 (of which 13 required corrective action, and 7 received support for environmental management system establishment)	476
Renewal Audit Performance	82	

Initiatives on New Challenges

80% of the environmental management system audits of the targeted procurement partners that the Nikon Group commenced in 2009 are complete, and three-yearly renewal audits now account for the majority.

Therefore, in the fiscal year ended March 31, 2019, we established new operational rules aimed at streamlining renewal audits. We ran a trial for 20% of eligible procurement partners to establish a procedure for simply answering a questionnaire from Nikon without a requirement for evidence when the compliance rate is 100% for two consecutive audits so it is judged that the environmental management system is appropriately constructed and being operated properly.

In addition, in order to extend application to goods procured in-house by sales divisions and others that were outside the scope of the Green Procurement Standards until now, we conducted new surveys of sales divisions and sales Group companies to confirm the situation in the fiscal year ended March 31, 2019.

In the fiscal year ending March 31, 2020, we plan to codify the Nikon Green Procurement Activity Regulations/ Procedures for the handling of in-house procurement and to reflect them in the Nikon Green Procurement Standards.

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Management and Reduction of Hazardous Chemical Substances

The Nikon Group strives to consider the environment and health in managing and reducing hazardous chemical substances involved in production.

Policy and System for Management of Chemical Substances

The Nikon Group formulated a new set of Nikon Group Chemical Substance Management Guidelines in February 2018, and has begun implementing activities in relation to these Guidelines. Under the new Guidelines, chemical substances used in production processes that are associated with environmental or health risks are classified in one of four ranks as either “Prohibited A” level substances, “Prohibited B” level substances, “Reduced” level substances, or “Managed” level substances. For each level, standards have been set regarding the transition to substitute substances, reduction in quantity used, or implementation of appropriate management, etc. Furthermore, we have established deadlines and are striving to discontinue the use of “Prohibited A” level substances and “Prohibited B” level substances. Through the utilization of the Guidelines, the Nikon Group is striving to ensure the proper management of chemical substances and to reduce the use of hazardous chemical substances. We also report and disclose information following the relevant laws and regulations, as well as in relation to the Guidelines.

Control and Reduction of Chemical Substances in Manufacturing

The Nikon Group implements measures aimed at preventing the occurrence of environmental pollution. In concrete terms, the Nikon Group continues to strive to reduce the risk of environmental pollution as close as possible to zero, by implementing environmentally-friendly management of chemical substances from purchase and use through to disposal. When any new chemical substance is purchased for the first time, the Nikon Group always obtains a safety data sheet (SDS)*, and the workplace where the substance will be used conducts a prior assessment of the risks associated with that substance. The measures implemented based on the assessment are then checked and confirmed by the environment, safety and health department from an expert’s perspective. In addition, to ensure compliance with the Nikon Group Chemical Substance Management Guidelines, we have established a cross-division chemical substance risk response team. This team aims to realize the implementation of research on safer substitute substances and reduction in the use of harmful substances, etc., based on shared, Group-wide targets. In the fiscal year ended March 31, 2019, the team engaged in activities around the themes of discontinuing the use of 1-bromopropane and selecting a substitute substances. As a result of these efforts, all business divisions determined a policy and schedule, and approximately half of all sites completed the switch to a substitute substances.

*Safety Data Sheet (SDS)

To promote improvements in the appropriate management of chemical substances by business enterprises, when a chemical substance specified by the Chemical Substances Control Law (CSCL), or a product containing such a substance, is transferred or supplied from one enterprise to another, the transferring or supplying enterprise is required to provide, in advance, a safety data sheet (SDS) noting information about the characteristics of the chemical substance and how it should be handled.

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The Nikon Group's PRTR* and VOCs

The Nikon Group in Japan implements appropriate management of the chemical substances used in each business facility in accordance with the Nikon PRTR Guide which was compiled in March 2000. The Guide content covers quantitative management at every stage from purchase through use to disposal, handling in accordance with safety data sheets (SDSs), and safe management of waste. The Guide is revised as necessary to reflect recent changes in relevant laws and regulations.

The Nikon Group's efforts to make cleaning equipment more airtight and improve the rate of reuse – self-directed measures aimed at reducing emissions of volatile organic compounds (VOCs) - succeeded in reducing VOC emissions to 142 tons in Nikon Group in Japan★ and 475 tons in Group manufacturing companies outside Japan in the fiscal year ended March 31, 2019.

*PRTR (Pollutant Release and Transfer Register)
→See P54

★: Values assured by the third party.

Control and Disposal of Polychlorinated Biphenyl (PCB) Waste

The Nikon Group observes stringent safekeeping and notification practices for waste and in-use electrical equipment containing polychlorinated biphenyl (PCB), which can be harmful to the environment, in compliance with relevant laws and regulations.

The business facilities that possess the types of equipment in question include three Nikon plants and one group manufacturing company in Japan. The main types of equipment involved are capacitors (creating high-density PCB waste) and transformers (creating low-density PCB waste).

Besides the high-density PCB waste that has already been disposed of properly, we also plan to dispose of the remaining PCB-containing waste and electrical equipment. This will be carried out so as to meet the deadline specified in Low Concerning Special Measures for Promotion of Proper Treatment of PCB Wastes The Low Concerning Special Measures for Promotion of Proper Treatment of PCB Wastes (PCB Special Measures Law)*, in cooperation with Japan Environmental Storage & Safety Corporation (JESCO) for

high-density PCB waste and with a government-certified waste disposal operator for low-density PCB waste.

* Low Concerning Special Measures for Promotion of Proper Treatment of PCB Wastes (PCB Special Measures Law)
The Low Concerning Special Measures for Promotion of Proper Treatment of PCB Wastes is a special measures law aimed at promoting the appropriate processing of polychlorinated biphenyl (PCB) waste. Under this law, business operators that had PCBs in storage were required to properly dispose of them by July 2016; following a partial revision of the Act in December 2012, this deadline was extended to March 2027.

Prevention of Air, Water and Soil Pollution

The Nikon Group not only complies with the rules, including laws, regulations and ordinance, in order to prevent the contamination of air, water, and soil due to emission of hazardous chemical substances, but also promotes initiatives at each business facility which include concluding agreements with local organizations and setting voluntary standard values.

Neither Nikon nor any Group manufacturing company in Japan emitted regulated substances into the air or into wastewater at levels exceeding those permitted by the relevant standards in the fiscal year ended March 31, 2019. The countermeasures for soil contamination at the No. 1 Plant Site of Nikon Oi Plant were completed. We have been monitoring groundwater for two years, and it has never exceeded the levels permitted by the relevant standards.

PRTR Survey Results for Nikon and Group Manufacturing Companies in Japan (Fiscal Year Ended March 31, 2019)

(Unit: t)

Substance no.	Substance name	Amount released				Amount transferred		Volume handled (Amount released and amount transferred)	Amount recycled (Handled as valuable resources)
		Air	Public water	Soil	Amount in on-site landfill	Sewage	Waste		
20	2-amino ethanol	0.00	0.00	0.00	0.00	0.00	4.57	4.57	0.00
186	Dichloromethane	2.32	0.00	0.00	0.00	0.00	0.00	2.32	0.00
300	Toluene	4.36	0.00	0.00	0.00	0.00	0.53	4.89	0.00
305	Lead compounds	0.00	0.00	0.00	0.00	0.00	1.15	1.16	0.00
384	1-bromopropane	33.75	0.00	0.00	0.00	0.00	1.36	35.12	4.11
405	Boron compounds	0.03	0.00	0.00	0.00	0.00	8.45	8.49	0.00
Total		40.47	0.00	0.00	0.00	0.00	16.06	56.53	4.11

* The figures given for total volume handled may vary slightly from the subtotals due to rounding.

Biodiversity Conservation

Corporate activities are profoundly linked to biodiversity. The business activities of the Nikon Group are supported by the bounty of nature. At the same time, we recognize that our business activities have an impact, and we strive to conserve biodiversity.

Approach to Biodiversity

The Nikon Group obtains materials for its products from ecosystems and causes impacts on ecosystems from its business activities such as emission of chemical substances and CO₂. At the same time, we believe that we can contribute to biodiversity conservation through products in the fields of nature observation, research and education.

The Nikon Group recognizes the need for biodiversity conservation in order to realize the objective of “Aim to maintain the natural environment of communities and provide a comfortable living environment” which forms part of the Nikon Medium-Term Environmental Goals, and is implementing related activities.

Relationship between Ecosystem Services, Business Activities and Environmental Activities

At the Nikon Group, departments involved in CSR, environment, procurement, and community contribution led analysis and assessment of dependence and impact on biodiversity in our business activities. We also conducted hearings for business units, and found a high dependence and/or impact in provisioning services, regulating services, and cultural services within ecosystem services as a result of conducting analysis and evaluation from the specialist standpoint of each department.

Nikon Group’s Main Activities Related to Ecosystem Services

Ecosystem services on which the Nikon Group has a high dependence and/or impact	Specific examples	Major initiatives	Relevant environmental activities and Corporate Citizenship Activities
Provisioning services	Wood materials and fibers	Use of paper as product materials (manuals, catalogs, packaging materials, etc.) Use of paper in business activities (copy paper, etc.)	▶ Paper Usage with Consideration for Biodiversity (P84)
	Freshwater	Use of water in business activities	▶ Protection of Water Resources (P74)
Regulating services	Maintenance of air quality	Emissions of chemical substances in business activities	▶ Reducing Hazardous Chemical Substances in Products (P76) ▶ Promoting Green Procurement (P78) ▶ Management and Reduction of Hazardous Chemical Substances (P80)
	Regulation of climate	GHG emissions in business activities	▶ CO₂ Reductions in the Supply Chain (P60) ▶ CO₂ Reductions in Nikon Group (P62) ▶ Reducing CO₂ Emissions in Distribution (P66)
	Water purification and waste treatment	Generation of waste, including wastewater in business activities	▶ Initiatives Aimed at Reducing Waste, etc. (P72) ▶ Protection of Water Resources (P74) ▶ Management and Reduction of Hazardous Chemical Substances (P80)
Cultural services	Ethical values	Use of products for educational and research purposes	▶ Initiatives for Biodiversity Conservation (P83)
		Corporate Citizenship Activities	▶ Corporate Citizenship Activities for Environment (P85)

Initiatives for Biodiversity Conservation

The Nikon Group actively works to reduce the CO₂ emissions of its business divisions and the use of hazardous chemical substances, including those stipulated in the RoHS Directive*¹. We also strive to reduce the amount of waste we generate, so as to achieve zero emissions. These activities lead to the conservation of biodiversity.

We also work on biodiversity conservation activities in collaboration with our stakeholders. For example, in the research work undertaken for the AKAYA Project, a project aimed at restoring the biodiversity of national forests in Japan, cameras and binoculars donated by Nikon are used for record keeping and monitoring. Nikon engages in joint research with THE NATURE CONSERVATION SOCIETY OF JAPAN (NACS-J), one of the core groups implementing the project, and we are promoting the development of technology for automatically detecting images of animals.

In addition, Nikon Instruments Inc. has organized the “Nikon’s Small World” photomicrography and video competition, with the aim of showcasing the beauty and complexity of life on Earth.

The Nikon Group participates in Environmental Strategy Liaison Committee Biodiversity Working Group (WG) formed by four electrical and electronic industry associations*² for the purpose of supporting the promotion of biodiversity conservation. This working group undertakes various activities, including the publication of “Let’s Try Biodiversity!”, a first guidance on corporate biodiversity initiatives, conducting trainings relating to biodiversity, and the registration and making available for public use of a database of case-studies of biodiversity conservation work undertaken by the associations’ member companies. In November 2018, “Let’s Try Biodiversity!” was highly commended by the Japan Committee for United Nations Decade on Biodiversity (UNDP-J)*³ and received an “Award for Excellence in the

Biodiversity Action Award Japan 2018 Let’s Show division.” The Nikon Group is promoting other initiatives aimed at biodiversity conservation at each of its sites. The main initiatives are as follows.

Nikon Yokohama Plant

Nikon Yokohama Plant has organized an educational event to promote biodiversity for the employees in collaboration with Yokohama City Government. The employees contributed to practical activities to remove invasive species.

Nikon Sagamiyama Plant

Cooperating with Sagamiyama City Government, Nikon Sagamiyama Plant has conducted “indicator organism” surveys to yardsticks for the water quality in nearby rivers.

Nikon Kumagaya, Mito and Yokosuka Plants and Tochigi Nikon Corporation

Nikon Kumagaya, Mito and Yokosuka Plants and Tochigi Nikon Corporation hold biodiversity seminars aimed at promoting understanding of biodiversity among employees.

Nagai Plant, TNI Industry Corporation

TNI Corporation’s Nagai Plant collects fallen cherry blossom leaves within its ground to make mulch, which it donates to the Kubo Zakura Preservation Society, a group working to protect the Isazawa-no-Kubozakura, a nationally protected species local to Nagai City, Yamagata Prefecture.

*1 RoHS directive
→ See P76

*2 Four electrical and electronic industry associations
The following four associations in the electrical and electronic industry are collaborating to implement initiatives.
JEMA: The Japan Electrical Manufacturers’ Association
JEITA: Japan Electronics and Information Technology Industries Association
CIAJ: Communications and Information Network Association of Japan
JBMIA: Japan Business Machine and Information System Industries Association

*3 Japan Committee for United Nations Decade on Biodiversity (UNDP-J)
An organization that aims to achieve the Aichi Targets for biodiversity conservation adopted under the Convention on Biological Diversity, Tenth Conference of the Parties (COP10)



The cover of “Let’s Try Biodiversity! a first guidance on corporate biodiversity initiatives” and the mark of “the Award for Excellence in the Biodiversity Action Award Japan 2018 Let’s Show division.”



Removing invasive species (Nikon Yokohama Plant)



In-house biodiversity training (Tochigi Nikon Corporation)

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Paper Usage with Consideration for Biodiversity

Paper, a forest resource, is one of the resources that the Nikon Group benefits through ecosystem services. The Nikon Group strives to reduce paper consumption as a part of the conservation of biodiversity and forest resources. In addition, under our Paper Procurement Policy established in 2013, we have recommend conversion to using paper with consideration for the sustainable use of forest resources.

▶ Paper Procurement Policy

https://www.nikon.com/about/sustainability/environment/resource-circulating/paper_procurement_policy.pdf

Conversion to Using FSC-certified Paper*

In accordance with the Nikon Group's Paper Procurement Policy, we are switching over to the use of FSC-certified paper. We are giving priority initially to usages that involve particularly large quantities of paper and which therefore have a major impact on society. Within Japan, we are using FSC-certified paper for all Imaging Products Business catalogs and for printed materials, corporate envelopes, name-cards, etc. issued or used by Nikon's administration departments. Starting from the fiscal year ended March 31, 2017, we have been implementing measures to promote the shift over to using FSC-certified paper for the paper used by our business units; in the fiscal year ended March 31, 2019, FSC-certified paper was used for 99% of all product catalogs issued in Japan (with the exception of those printed on special types of paper). We also almost completed shifting to FSC-certified paper for instruction manuals, such as those for microscopes and measuring instruments.

Additionally, in the fiscal year ended March 31, 2019, we progressively switched to FSC-certified paper for the instruction manuals for interchangeable camera lenses and packaging boxes for products such as binoculars.

* FSC-certified paper

Paper that is certified as being made using timber from appropriately managed forests.



Packaging box for Binoculars 10 × 35E II

Participation in the Consortium for Sustainable Paper Use

Through its participation in the Consortium for Sustainable Paper Use (CSPU)*, Nikon is able to strengthen its own initiatives in this area through the exchange of information and ideas with other CSPU member companies, while also contributing to the spreading of awareness of the importance of appropriate paper usage within society as a whole.

* Consortium for Sustainable Paper Use (CSPU)

The Consortium for Sustainable Paper Use is a consortium established in 2013 by a group of corporations that are playing a leading role in promoting sustainable paper use in Japan, the World Wide Fund for Nature (WWF) Japan (a major international environmental NGO), and Response Ability, Inc., a company that is working to promote sustainability in the corporate sector.



CSPU's logo

Corporate Citizenship Activities for Environment

Nikon has been supporting the AKAYA Project of the Nature Conservation Society of Japan (NACS-J) since 2006. This project involves research and verification testing aimed at conservation and restoration of biodiversity in the Akaya Forest, a National Forest located on the border between Gunma and Niigata Prefectures. In addition to providing our digital cameras and binoculars, our employees engage in volunteer activities to regenerate natural forests. Starting in the fiscal year ended March 31, 2019, we have also been collaborating in the development of technology to identify images of animals automatically out of a huge number of images that NACS-J has obtained as part of the research of wild animal habitat in the Akaya Forest.

[▶ Leveraging Nikon's Technology to Explore New Solutions \(P137\)](#)



Over the past few years, verification testing for the regeneration of natural forest following the clearing of plantations has been conducted in Akaya Forest. Nikon Group employees have been participating as volunteers in these activities since 2016.



To support an experiment to create suitable hunting grounds that Japanese golden eagles can use, Nikon provided fixed-point monitoring equipment that help to identify individual golden eagles at long distances (over 1km).



The booklet AKAYA NOTE, created in collaboration with the experts involved in the AKAYA Project, is widely used in science classes, summer schools and a variety of other environmental education activities. To date, a total of around 7,700 copies have been printed and distributed to schools.

Community Contribution Activities

In order to contribute to maintaining the natural environment in local communities, Nikon's business sites and the Group companies in Japan regularly engage in clean-ups and weeding in the areas around their sites. They also actively participate and collaborate in local environmental conservation and regional revitalization activities. In the fiscal year ended March 31, 2019, 789 employees took part in activities at Nikon sites over the year.

For example, employees at Nikon Mito and Sagami-hara Plants collaborated in city-organized environmental events, creating opportunities to understand the environment together with local people.



Clean-up activity in the area around Nikon Yokosuka Plant

Planting Coral

Nikon (Thailand) Co., Ltd. held a coral planting activity in March 2019 with the objectives of environmental conservation and raising the environmental awareness of employees. In addition to planting 150 coral seedlings, the participants learned about the role of coral reefs in the marine ecosystem and how to protect the marine environment from an instructor. They also conducted a coastal clean-up and released baby nurse sharks and clownfish. Around 160 employees participated in the activity.



Employees of Nikon (Thailand) Co., Ltd. hold coral seedlings



Strengthening CSR Foundation

Priority Issues

- 7 Strengthening Supply Chain Management [▶ P86](#)
- 8 Respecting Human Rights [▶ P96](#)
- 9 Promoting the Success of Diverse Employees [▶ P100](#)
- 10 Strengthening Compliance [▶ P113](#)
- 11 Ensuring Effective Governance [▶ P119](#)

Priority Issue 7 Strengthening Supply Chain Management



Reason for Priority

In recent years, stakeholders have shown greater interest in human rights, labor environment, work safety, and environmental issues as they pertain to sites for manufacturing and mineral extraction in the product supply chain. To fulfill their responsibilities to society, companies also need to expand the scope of sustainable procurement from their own procurement partners to those of the Group as well as those of other business partners.

Commitment

The Nikon Group maintains a social responsibility to its many stakeholders inside and outside the company to help maintain people's living standards and to empower sustainable business. Fulfilling this responsibility requires Nikon not only sustain its business operations, but also reinforce procurement capabilities by building and streamlining business relationships with Nikon procurement partners through strategic procurement, and abide by RBA standards. In addition, we need to generate profits mutually with procurement partners who endorse Nikon's philosophy through capacity building assistance. Through these efforts, we will work alongside procurement partners to become a sustainable company trusted by society, and make efforts towards resolving important social issues such as CSR procurement and conflict minerals.

Jun Nagatsuka
Corporate Vice President

General Manager of Production Technology Division, Chairperson of the Supply Chain Subcommittee

Activity Policies

- Nikon Basic Procurement Policy
- Nikon CSR Procurement Standards
- Policy on Conflict Minerals

System

- Supply Chain Subcommittee

What We Intend to Achieve in 3 to 5 Years	Targets for the Fiscal Year Ended March 31, 2019	Results	Scope
Monitoring of the supply chain	Build a system for managing information of procurement partners of all the Nikon Group in Japan at a single location	Developed the groundwork of a centralized management system for procurement partners' information	Nikon Group / Procurement partners
Dealing with important issues in the supply chain	Decide on CSR risk management indicators for procurement partners	Determined the CSR risk management index and started CSR procurement based on this index	Nikon Group
	Establish a mechanism for using RBA capacity building tool	Established a structure to utilize RBA capacity building tool, and implemented a pilot study	Nikon Group / Procurement partners
Country-of-origin surveys and due diligence for conflict minerals	Expand scope of surveys to products subject to European regulations	Expanded the survey target to products subject to European regulations and conducted survey	Nikon Group / Procurement partners

Nikon's Supply Chain Management

Nikon considers its suppliers to be an important partner that help create and provide products and solutions useful for the world.

Based on this belief, we strive to deepen mutual understanding and build trust with procurement partners, and aim for the co-existence and co-prosperity of both parties.

Basic Policy for Procurement

A company working to build a better society and global environment as well as realize sustainable growth, we have established the Nikon Basic Procurement Policy to continually supply the world with useful products and solutions. Under this plan, the Nikon Group carries our procurement activities in an honest and fair manner.

Nikon Basic Procurement Policy (Summary)

Procurement based on the concept of partnership

1. Sustainable corporate activities
2. Open-door procurement
3. Procurement based on the concept of fair competition

[Nikon Basic Procurement Policy](https://www.nikon.com/about/corporate/procurement/policy/)

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

The Nikon Group's Supply Chain

We manufacture and assemble nearly all products within the Nikon Group. At the same time, the types of industries our procurement partners cover is wide ranging, including raw materials, metals, resins, optics, and electronic components. To ensure a high degree of quality, cost and delivery (QCD), we actively procure raw materials and parts from the countries and regions where we manufacture our products. Consumer products, in particular, are procured in China, Thailand, and Japan respectively, contributing to local economic development. The proportion of other, non-consumer products, is high for Japan because production is carried out mainly in Japan.

Transaction Volume Ratio with Major Procurement Partners by Country (As of the Fiscal Year Ended March 31, 2019)

(Unit: %)

		Ratio of Procurement Partners	Ratio of Procurement Cost
Consumer product		23	55
Country / Region	Japan	41	34
	China	26	33
	Thailand	27	23
	Other countries	6	10
Other than consumer product		77	45
Country / Region	Japan	95	92
	China	3	3
	Other countries	2	5

Strengthening Management Methodology of Procurement Partners

At the Nikon Group, we carry out procurement activities based on a comprehensive view toward not only a procurement partner's quality, economics, delivery and technology, but also their trustworthiness as a company, including their CSR and environmental initiatives. In the fiscal year ended March 31, 2019, we launched a system that serves as a shared platform for managing procurement partner information and began collecting data. Looking ahead, we intend to utilize this platform to provide additional features such as communication with procurement partners for investigating CSR procurement and as part of our BCP for confirming the extent of impacts during a disaster.

Engagement with Procurement Partners

We believe in the importance of two-way communication with our procurement partners. Every year we host a meeting that involves around 300 representatives from our main procurement partners, including representatives from the Japan branches of overseas procurement partners. During this meeting, we inform procurement partners about our business environment, while the president also delivers a message.

We also host briefings on our stance regarding CSR procurement and conflict minerals compliance as venues for sharing Nikon's approach to CSR with procurement partners inside and outside Japan.



Chairman Ushida (center right) exchanging business cards with procurement partners during the networking session for the meeting with procurement partners

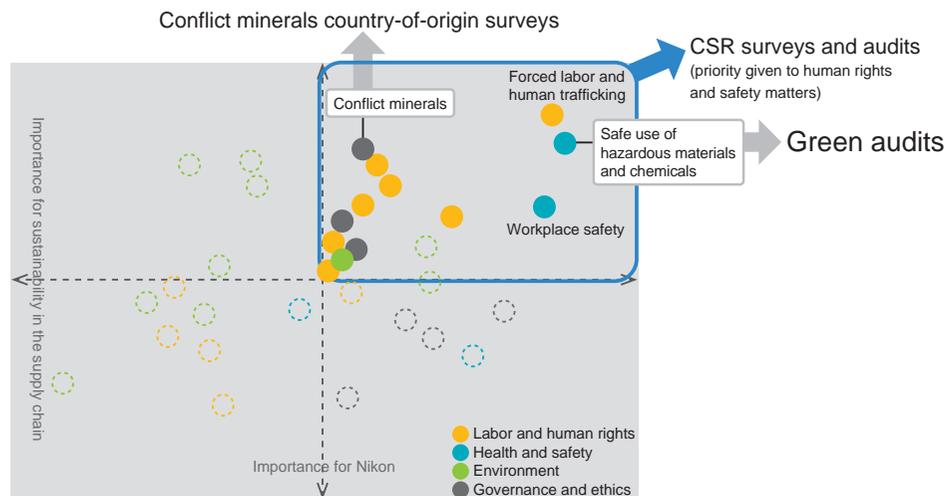
Supply Chain Materiality

The Nikon Group analyzes the materiality of its supply chain to ensure more accurate and effective activities, aimed at truly responsible supply chain management. Specifically, with the assistance of an NPO consultant for promoting sustainability, we map our important issues identified from various international standards according to the importance for Nikon's business operations and the importance for

sustainability in the supply chain. As a result, the highest priority issues found in the Nikon Group's supply chain were determined to be human rights and labor matters along with the management of chemical substances.

The Nikon Group is now working to address these issues as part of its ongoing efforts for addressing CSR procurement, conflict minerals compliance and green procurement. We will continue with this activities moving forward. CSR procurement involves responding to human rights issues, such as conflict minerals, while green procurement involves our response to the management of chemical substances.

Material Map



Procurement Partners Subject to Each Activity

Issues of highest importance	Countermeasure	Target	Number of companies
Forced labor and human trafficking / Workplace safety	CSR procurement activities (human rights and safety matters given higher weighting)	All procurement partners However, procurement partners that account for the top 80% of transaction volume are targeted first considering their impacts on our business operations	Approx. 600
Safe use of hazardous materials and chemicals	Green procurement activities	Procurement partners that use hazardous substances or chemicals in manufacturing processes for components in Nikon products	Approx. 550
Conflict minerals	Conflict minerals country-of-origin surveys	Procurement partners that use conflict minerals in components used in Nikon products	Approx. 700

Nikon's Supply Chain Management System

We have established the Supply Chain Subcommittee, which meets twice a year, to report activities related to responsible procurement and carry out deliberations on plans for subsequent years involving the entire Nikon Group. This subcommittee is chaired by the executive officer of Nikon in charge of procurement and comprises members including the heads of quality assurance and procurement from each business division and the presidents of the Group manufacturing companies inside and outside Japan. Under this subcommittee, we have established the Green Procurement Promotion Conference as well as the CSR Procurement Promotion Conference, which promotes general CSR procurement, including compliance with conflict minerals regulations.

The Green Procurement Conference is comprised of managers from each procurement and quality assurance related department. The CSR Promotion Conference is comprised of managers from each procurement related department. Both conferences are held to discuss specific activities and measures as well as monitor progress of efforts.

[▶ Promoting Green Procurement \(P78\)](#)

Outline of Supply Chain Management System



Promoting CSR Procurement

The Nikon Group engages in CSR procurement with the cooperation of its procurement partners to contribute to the sustainable development of society.

Basic Approach to CSR Procurement

With the globalization of corporate activities, social issues in the supply chain such as human rights, labor safety and the environment are growing and intensifying. The Nikon Group recognizes the importance of corporate responsibility in the supply chain and promotes responsible supply chain management. Through this, we aim to contribute to the sustainable development of society, and also to strengthen the procurement system of our Group and increase value for our customers.

With this in mind, we have established the Nikon CSR Procurement Standards in accordance with the RBA* Code of Conduct. In addition to asking our procurement partners to act in accordance with these CSR Procurement Standards, we also request that our procurement partners ensure their suppliers act responsibly.

[Nikon CSR Procurement Standards](#)
<https://www.nikon.com/about/corporate/procurement/csr/>

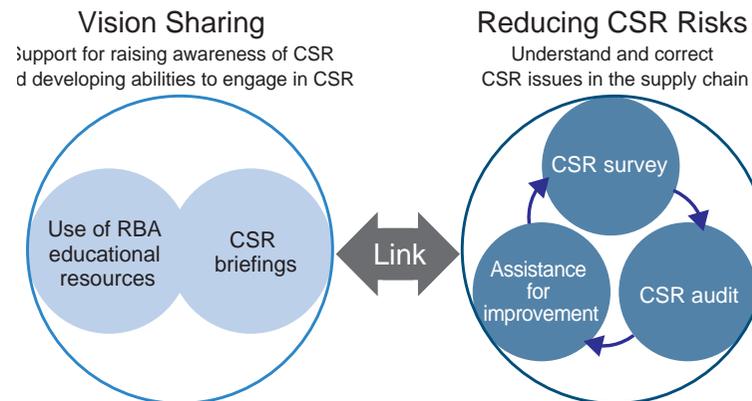
* Responsible Business Alliance (RBA)
 An international coalition dedicated to supply chain responsibility (labor, health and safety, environment and ethics). RBA's member companies began with European and North American companies in the electronics industry. Today, Asian companies have also joined, and the represented industries have expanded to automobiles, toys and retail, among others. RBA was formerly the Electronic Industry Citizenship Coalition (EICC).

The CSR Procurement Framework

The Nikon Group believes, ideally, that all procurement partners should recognize the importance of CSR in the same way as the Nikon Group, and each should act on their own initiatives. In order to achieve this, the Nikon Group is promoting CSR procurement with two perspectives in mind; Vision Sharing and Reducing CSR Risks. Vision sharing, or in other words, Nikon and its procurement partners having the same ideas or approach, is the basis for

promoting CSR procurement. More specifically, with the aim of raising awareness of CSR among procurement partners and developing their ability to engage in CSR, Nikon promotes the use of RBA educational resources as well as holding CSR procurement briefings. In reducing CSR risks, Nikon checks procurement partners' compliance with its CSR procurement standards through CSR surveys and audits, and provides support for improvement to high-risk partners. Through these efforts the Nikon Group will promote capacity building (development of abilities) among its suppliers and build a more responsible supply chain.

Conceptual Diagram of CSR Procurement



Vision Sharing

Deeper Understanding through CSR Procurement Briefings

The Nikon Group holds CSR procurement briefings every year in Japan, China, and Thailand so that procurement partners may share Nikon's approach to CSR. At these briefing sessions Nikon provides its procurement partners with detailed descriptions, including case studies on the Nikon CSR Procurement Standards, the progress of CSR procurement activities, and the latest trends regarding CSR and sustainability. With regard to the CSR Procurement Standards in particular, Nikon specifically illustrates the main issues identified from the previous year's CSR survey and audit, and ways to counter these issues. Nikon calls for renewed compliance while promoting a deeper understanding and appreciation for CSR and the CSR Procurement Standards.

In order to promote to the whole supply chain, the Nikon Group believes it is important to educate employees involved in company-wide procurement and so before any procurement partner-oriented CSR briefings, briefing sessions are also held for employees.

CSR Briefing Sessions for Procurement Partners (Fiscal Year Ended March 31, 2019)

Location	Number of times	Participating companies	Participants
In Japan	3 times	324 companies	356 people
Outside Japan	3 times	192 companies	322 people



CSR briefing session in progress

Learning Support Using RBA Educational Resources

The Nikon Group's supply chain is expanding around the world. In order to broaden initiatives in CSR procurement, it is necessary to share CSR-focused ideas more efficiently and effectively with procurement partners and create a system that enables learning of the required knowledge and skills. The above-mentioned briefing sessions are for participants only and so Nikon believes that the information and ideas shared should be provided to all those concerned. That's why the Nikon Group is aiming to actively use the RBA educational resources.

In the fiscal year ended March 31, 2019, Nikon worked to build a framework for using RBA resources. More specifically, Nikon checked the specifications (multilingual support) and the contents of all the teaching materials and decided how the resources were to be used in conjunction with existing CSR procurement activities. Learning priority levels were also decided for each procurement partner and an implementation plan created. A pilot RBA education course was also provided for several staff members from our procurement partners.

In the fiscal year ending March 31, 2020, Nikon plans to identify any problems with this pilot and make improvements for full-scale implementation.

Reducing CSR Risks

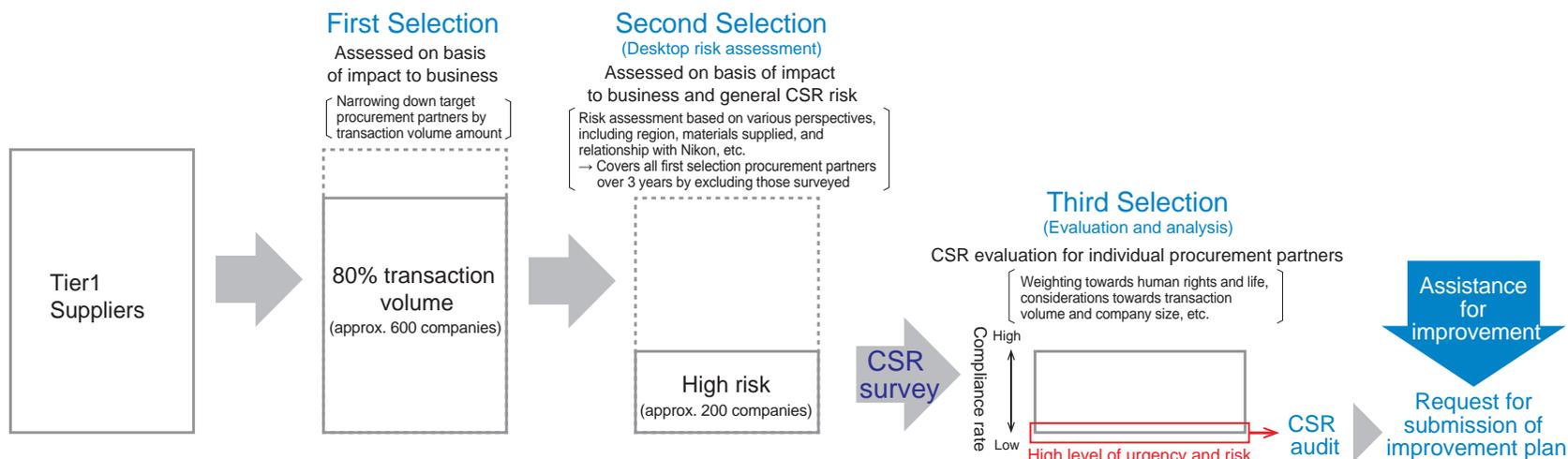
Corrective Measures for Existing Procurement Partners based on Risk Assessments

At the Nikon Group, in order to reduce CSR risks in the supply chain, efforts are first and foremost given priority to critical procurement partners involved in business continuity, with approximately 600 companies that account for the top 80% of transaction volume among suppliers within each business unit being selected as first stage targets. On this basis, we conduct risk assessments from various perspectives choosing approximately 200 relatively high risk companies each year for the CSR surveys.

These CSR surveys are done on a self-assessment basis by the procurement partners themselves in five areas of labor, health and safety, the environment, ethics, and management systems, as set out in the Nikon CSR Procurement Standards. Survey responses are analyzed with a focus on human rights issues in the international spotlight such as forced labor and child labor, and issues relating to dangers posed to human life. These issues are evaluated in the analysis with more weight compared to the more general survey responses. In an effort to gain a detailed understanding of the actual state of affairs, the Nikon Group carries out CSR audits by sending third-party audit organizations to procurement partners that are deemed to be at a particularly high level of urgency and risk as a result of this analysis. We also require some procurement partners at the highest risk level together with some at the second highest risk level to submit their improvement plans and support their prompt and effective corrective actions.

To this day, all improvements made by procurement partners for which the Nikon Group has requested improvement plans have been completed within one year.

Overview of Corrective Measures based on Risk Assessments



Results of CSR Survey and CSR Audits (No. of Targeted Companies)

(Unit: companies)

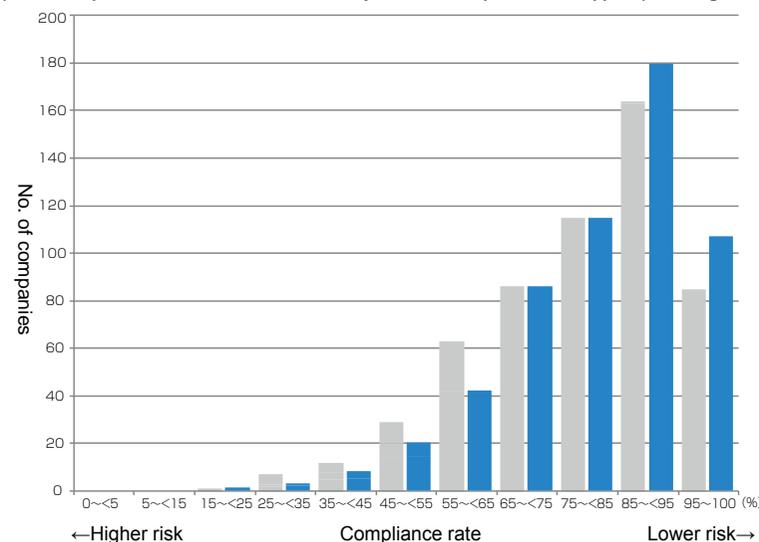
Fiscal Year ended March 31	CSR survey	CSR audits	Improvement plan from third selection	Request for submission of improvement plan
2017	214	3	10	13
2018	209	3	10	13
2019	208	4 (3 in Thailand, 1 in Japan)	10	14 (3 in Thailand, 9 in Japan, 2 in Europe)

Main Items for Correction Found in CSR Audit and Main Items for Correction Status

	Main items for correction	Status
Audits in the fiscal year ended March 31, 2018	<ul style="list-style-type: none"> • Prolonged working hours • Employees working many days in a row • Payment rate for weekend/holiday work below required amount in domestic laws • Failure to refund recruitment fees • Some emergency exits closed/blocked 	100% completed
Audits in the fiscal year ended March 31, 2019	<ul style="list-style-type: none"> • Prolonged working hours • Employees working many days in a row • Health check expenses not paid • Overtime pay below legal standards 	Improvements underway

Changes in Risk Level Status from Improvement Support (As of March 31, 2019)

(No. of companies* At time of CSR survey After improvement support (including during support))



*Total of three years from the fiscal year ended March 31, 2017 to the fiscal year ended March 31, 2019.

Tighter CSR Risk Management based on Management Standards

Each year when conducting CSR surveys, the Nikon Group selected approximately 200 companies, excluding those procurement partners which were surveyed in the past. As a result, in the three years from the fiscal year ended March 31, 2017, we have been able to understand the whole state of affairs of approximately 600 critical procurement partners that were targeted first for corrective measures, with corrective action having been completed for those procurement partners at an urgent level of high risk. With an aim therefore to further improve the CSR level of the supply chain and reduce risks, in November 2018 we set a more stringent management standard of 65% or more compliance with the Nikon CSR Procurement Standards which are weighted towards human rights and implemented by the Nikon Group. This compliance rate is based on criteria established by RBA for high risk companies. From the fiscal year ending March 31, 2020, we will aim for all of our procurement partners to achieve a compliance rate

of 65% or higher. For those procurement partners to whom this target is unachievable, we will help them to improve within a certain period of time, and for those procurement partners who do not cooperate with their improvement we intend to gradually reduce or stop trading with them. Furthermore, the Nikon Group has revised the Quality Control Guidelines (QCD) to ensure that these CSR Procurement Management Standards are included as one of the parameters for selecting new suppliers. When choosing a new supplier CSR procurement is carried out, companies that do not meet the management standard compliance rate of 65% will not be contracted until improvements are completed, and for those companies which do not cooperate to improve, we shall not contract with them at all. From December 2018 we provisionally started selection of suppliers based on the revised QCD and we confirmed that two new suppliers are at or above the management standard and as such we are proceeding with their contracts. Group companies have been selecting suppliers on this basis since April 2019.

Procurement Hotline

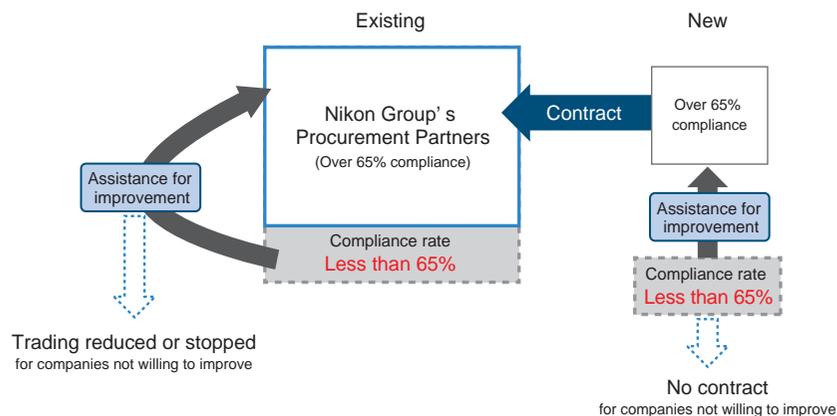
The Nikon Group has set up an externally accessible point of contact so that any information on violations to the CSR procurement standards in the supply chain can be quickly conveyed and acted upon.

[Inquiry Form \(relating to trading, CSR Procurement and Green Procurement\)](https://www.uw.nikon.com/form/com/procurement/form.php)
<https://www.uw.nikon.com/form/com/procurement/form.php>

Future Issues

Because the scope of CSR surveys and audits is limited only to critical tier 1 suppliers and is not carried through the whole supply chain, the Nikon Group recognizes this as a problem in CSR procurement. In the future, Nikon will work on more effective CSR survey methods in order to improve the CSR procurement framework and strengthen a supply chain management system of responsibility. In addition, Nikon will extend the scope of CSR surveys and audits, and work to identify CSR risks and correct any improper matters at critical procurement partners, including tier 2 suppliers.

Diagram of Procurement Partner Management based on the CSR Procurement Management Standards



Dealing with the Issue of Conflict Minerals

Responding to the Issue of Conflict Minerals

In recent years, social issues such as human rights and environmental problems are attracting global attention. Corporations, too, are expected by stakeholders to respond to these issues. Especially the problem of conflict minerals in the Democratic Republic of the Congo (DRC) and its adjoining countries has become one of the most serious social issues the world faces. According to article 1502 of the US Dodd-Frank Wall Street Reform and Consumer Protection Act, companies listed on US stock exchanges are required to conduct and disclose surveys into the subject. The law went into effect in January 2013. Moreover, in April 2017, the European Union enacted its own Conflict Minerals Regulation, and detailed by-laws that are not limited to the Democratic Republic of the Congo and its adjoining countries but also cover conflict-affected and high-risk areas around the globe are under preparation for the enforcement in 2021. There are also moves to add cobalt and other minerals to the existing list of four affected minerals, and companies are expected to handle the problem not as just a matter of conflict minerals, but rather as a broader human rights issue.

The Nikon Group has established a policy of not using conflict minerals mined or handled by armed forces violating human rights in the area, and has been conducting surveys on our supply chain as well as due diligence based on the results of these surveys. It is important to collaborate with NGOs and other stakeholders, but it is also important to have cooperative relationships with procurement partners in our supply chain who agree with the Nikon Group's policy on this issue.

The Nikon Group will continue to practice responsible

procurement, regardless of country, region, or type of mineral, and, taking into account the threat this issue poses to the day-to-day activities of law-abiding businesses and individuals in the affected countries, will carry out the due diligence necessary to resolve it.

[Policy on Conflict Minerals](#)

https://www.nikon.com/about/sustainability/csr-management/supply-chain/conflict_minerals_policy.pdf

Survey of the Current Status of Conflict Mineral Usage and Due Diligence

To ensure that procurement is conducted in accordance with the Policy on Conflict Minerals, since 2013 the Nikon Group has carried out surveys and due diligence in collaboration with our procurement partners. In 2016, the Nikon Group formulated related internal rules in accordance with the OECD Due Diligence Guidance (Third Edition)*1. In the fiscal year ended March 31, 2019, Nikon decided to start a full product survey by the calendar year 2020 in order to comply with the 2021 EU regulations. In the future, we will further expand the scope of our surveys and promote activities to ensure that we eliminate the use of conflict minerals.

From the fiscal year ended March 31, 2018, we have been conducting surveys using a system. This system increases the efficiency of the survey and enhances the reliability of responses. Furthermore, in order to further improve response rates, we made a new system manual in the fiscal year ended March 31, 2019 and made efforts to publicize this manual by explaining how it works in an easy-to-understand way at meetings with our suppliers.

The results obtained in this survey and due diligence carried out by the Nikon Group showed that within the scope of smelters identified in the survey, all of the smelters involved in processing the four minerals used in products handled by Nikon's Glass Division since the 2016 survey, were registered as RMAP Conformant Smelter*2. Furthermore,

with respect to tantalum, it has been confirmed that the smelters used for all surveyed products are RMAP Conformant Smelter. As for Non RMAP conformant smelters, we conducted due diligence with the cooperation of not only individual companies but also other companies and industry organizations as well. We requested third-party audits carried out by Responsible Minerals Initiative (RMI).

[Conflict Minerals Report \(2018 Survey Results\)](#)

https://www.nikon.com/about/sustainability/csr-management/supply-chain/Conflict_Minerals_Report-2018.pdf

*1: OECD Due Diligence Guidance (Third Edition)

This refers to the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (Third Edition).

*2: RMAP Conformant Smelters

RMAP Conformant Smelters have successfully completed a RMAP audit and maintain good standing in the program, through a continual validation process.

Participation in External Organizations

With the aim of participating in a range of measures to address the conflict minerals issue, Nikon has joined the Japan Electronics and Information Technology Industries Association (JEITA) Responsible Minerals Trade Working Group, and has been involved in the Working Group's activities aimed at eliminating the use of conflict minerals. Nikon is also a member of the Responsible Minerals Initiative, an international organization which has formulated guidelines relating to conflict minerals. In 2018, Nikon joined the RBA (Responsible Business Alliance), formed from companies in the electronics and electrical machinery industry in Europe and the United States as well as the automotive, toy, aerospace and other industries they supply to. Through our membership, we aim to further promote issues relating to CSR in the supply chain including conflict minerals, and cooperate with member companies in progressing our activities in order to solve the issue.

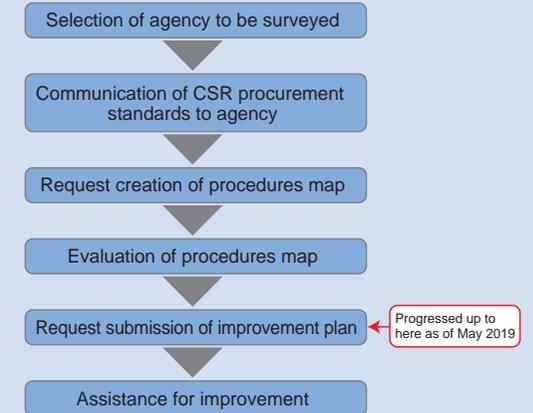


Column

Survey on Migrant Workers

Until now, the Nikon Group has conducted surveys and given improvement assistance for our tier 1 suppliers in CSR procurement; however, as an initiative for non-tier 1 suppliers, we carried out a survey on an agency that handles migrant workers for our procurement partners. This is because the human rights violations in the handling of migrant workers have become a serious social concern in recent years, and the Nikon Group has also recognized it as a serious issue. Therefore, focused on the field of procurement partners in the Precision Equipment Business, which has a large impact on business, the Nikon Group chose to carry out a survey on an agency that the CSR survey identified as having placed foreign workers at two of our procurement partners. In the survey, we asked the agency to create a procedures map regarding the placement steps and working conditions, from the handling of foreign migrant workers in their home country to their return to their home country after leaving the company. Following this, the Nikon Group will check and evaluate the current procedures. In the event that any inappropriate matters related to human rights are found in the procedures, we will make improvements by working in collaboration with the relevant procurement partners and agency.

Workflow from Survey on Agency to Rectification



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>Strengthening Supply Chain Management >[Respecting Human Rights](#) >Promoting the Success of Diverse Employees >Strengthening Compliance >Ensuring Effective Governance

Priority Issue 8 Respecting Human Rights



Reason for Priority

There are still many human rights issues in the world today that are related to the business activities of companies, including forced labor, child labor, and slave labor in deplorable conditions. Particularly in recent years, it has become apparent that there are serious labor issues relating to the abuse of migrants and foreign workers, and there is an urgent need to address these problems. In order to face up to these serious and complex social issues, and to contribute towards their resolution, companies are expected to carry out human rights due diligence in accordance with the UN Guiding Principles on Business and Human Rights.

Commitment

As a company with global operations, the Nikon Group deeply recognizes the importance of respecting human rights in its business activities. One of our significant responsibilities to society is addressing human rights issues sincerely. In order to more clearly express our stance and strategy in response to expectations from society, in April 2019 we launched the “Nikon Human Rights Policy.”

We will be striving to further strengthen our efforts to ensure that this Policy is disseminated among all Nikon Group employees, and to build a corporate culture where respecting human rights is valued. In addition, as enunciated by the Nikon Human Rights Policy, we will be implementing human rights due diligence steadily in accordance with the UN Guiding Principles on Business and Human Rights. Not only by avoiding engagement or complicity in human rights violations in our own operations, but by promoting prevention and mitigation of the negative impacts on human rights among our business relationships, the Nikon Group is doing its utmost to uphold internationally recognized human rights standards.

Toshikazu Umatate

Representative Director, President and CEO, Chairperson of the CSR Committee

Activity Policies

- Nikon Human Rights Policy

System

- CSR Committee

What We Intend to Achieve in 3 to 5 Years	Targets for the Fiscal Year Ended March 31, 2019	Results	Results
Identification of human rights risks	Create action plan on human rights due diligence	Launched the “Nikon Human Rights Policy,” as the first step towards implementation of human rights due diligence, and drew up the due diligence action plan for the fiscal year ending March 31, 2020	Nikon Group

Human Rights Initiatives

The Nikon Group respects human rights. We strive neither to be engaged in human rights abuse by ourselves nor to be involved in any such activities in complicity with others.

Basic Policy

Through our business activities, the Nikon Group is directly and indirectly involved in the human rights of a variety of stakeholders. Our stance, which emphasizes respect for the human rights of all these people, is clearly enunciated in “2 Respect for Human Rights” of the Nikon Code of Conduct. Furthermore, we launched our “Nikon Human Rights Policy” in April 2019 in order to further outline our approach to addressing human rights issues related to our business activities based on the Code of Conduct. The Nikon Human Rights Policy also sets out basic principles that we should follow for implementing practical procedures in line with UN Guiding Principles on Business and Human Rights, which were adopted by the United Nations in 2011. The policy was developed through internal discussions with major relevant departments as well as by taking advice from external experts, and was approved by Nikon’s Board of Directors. The Nikon Group has other policies and standards in place specific to each of individual human rights issues, including the “Nikon Group Privacy Protection Statement,” the “Nikon CSR Procurement Standards,” the “Policy on Conflict Minerals,” etc. Nikon also supports the 10 Principles of the UN Global Compact, and we continue to implement measures aimed at realizing Principles 1 – 2 (Human Rights) and 3 – 6 (Labor).

- ▶ [Nikon Human Rights Policy](https://www.nikon.com/about/sustainability/csr-management/human-rights/human_rights_policy.pdf)
- ▶ [Nikon Group Privacy Protection Statement](https://www.nikon.com/privacy/privacy_policy.htm)
- ▶ [Nikon CSR Procurement Standards](https://www.nikon.com/about/corporate/procurement/csr/)
- ▶ [Policy on Conflict Minerals](https://www.nikon.com/about/sustainability/csr-management/supply-chain/conflict_minerals_policy.pdf)
- ▶ [Participation in International Initiatives \(P9\)](#)

Organizational System

Implementation of the Nikon Human Rights Policy in the Nikon Group is supervised by Nikon’s CSR Committee which includes several members of the Nikon Board of Directors. Instructions from the CSR Committee are handled by the CSR Department together with the related departments (and committees) shown in the following table. In the case that an emerging issue is identified, we will enhance our organizational structure and systems by consulting these departments and other appropriate departments if necessary. We have reporting and consulting systems in place for each company or each region, to which employees of the Nikon Group can report any case of violation of the Nikon Code of Conduct (including issues related to human rights). For external stakeholders, we have several

channels of inquiry including contact points for suppliers, a hotline dedicated to conflict minerals issues, and contact points for customer support, etc.

The Nikon Group will monitor the results of our actions concerning respect for human rights and continue our efforts to enhance the management system for effective implementation of the policy

- ▶ [Reporting and Consulting System \(P115\)](#)
- ▶ [Conflict Minerals Hotline](https://www.uw.nikon.com/form/com/cmh/form.php)

Main Committees and Departments in Charge of Human Rights Issues

Committees and departments in charge	Main issues handled
CSR Committee	General human rights issues (supervising implementation of the Nikon Human Rights Policy)
Human Resources Department	Prohibition of forced labor and child labor, elimination of discrimination and harassment, occupational health and safety, wages, working hours, freedom of association and collective bargaining rights, etc., with respect to Nikon employees
Administration Department	Contact points for employee reporting and consulting system
Information Security Division	Privacy (including protection of personal information)
Bioethics Review Committee	Bioethics
Supply Chain Subcommittee	Human rights issues in the supply chain (labor, conflict minerals ,etc.)

Initiatives for Preventing Human Rights Violations

Human Rights Risk Assessment

In the process of developing the Nikon Human Rights Policy, the Nikon Group implemented risk assessment to identify significant human rights issues for the group. The assessment was conducted by benchmarking other companies' results of assessment or the actual cases of human rights violation reported in the same industry with Nikon, while referring to international human rights standards.

We identified the following seven items as human rights issues particularly relevant to our business as a result of the assessment and specified them in the Nikon Human Rights Policy as particularly important issues; "Prohibition of Forced Labor and Child Labor", "Elimination of Discrimination and Harassment", "Occupational Health and Safety", "Freedom of Association and the Right to Collective Bargaining", "Working Hours and Wages", "Right to Privacy", and "Human Rights Issues in the Supply Chain". We will enhance our efforts to address these issues in particular. In the event that there is any significant change in terms of corporate management such as change of business scope, or a review is otherwise considered necessary due to other reasons, we will conduct a review of current assessment results by taking the necessary steps including deliberation in the CSR Committee.

Initiatives within Nikon Group

The Nikon Group conducts human rights and labor monitoring surveys within the Group at the end of each fiscal year. In the survey, we check whether there have been practices that heighten the risk of human and labor issues as well as the data concerning occupational safety, etc. The results are reported to the CSR Committee, where further confirmation or corrective actions are instructed if necessary to prevent incidents/potential incidents or their recurrence.

In the surveys for the fiscal year ended March 31, 2019, we added questions about freedom of association, minimum wage and working hours, etc., by reflecting the results of the human rights risk assessment.

Examples of questions included in the group monitoring surveys

- Methods to verify age when recruiting new staff or accepting intern trainees
- Number of young intern trainees accepted during the fiscal year and their allocated jobs (including confirmation that they were not engaged in dangerous or harmful tasks)
- Incidence of occupational accidents (outside Japan)

In recent years, growing attention has been paid to the issue of slave labor involving foreign technical intern trainees in Japan and migrant workers in Asian countries outside Japan. In response, as part of the group monitoring surveys outlined above, the Nikon Group has sought to confirm the current status of foreign technical intern trainees and migrant workers, following the survey conducted in the previous fiscal year. More specifically, we conducted checks of whether there had been foreign technical intern trainees or migrant workers in our employment in the fiscal year, whether labor brokers had been used for employment of those employees, or whether there had been practices that heighten the risk in terms of

withholding of passports, working hours and wages, etc. Through these checks, we did not identify any actions that may be considered risks.

In May 2018, Nikon joined the Responsible Business Alliance (RBA). Since then, we have been implementing self-assessment to verify manufacturing sites or manufacturing companies in the Nikon Group are in conformity with the RBA Code of Conduct.

In the circumstances that laws and regulations related to personal information protection in each country and region are tending to be tightened up, we are enhancing our measures for appropriate handling of personal information to ensure its secure management, by consulting with supervisory authorities and/or lawyers.

[▶ Participating in the RBA \(P9\)](#)

[▶ Risk Management for Information Assets \(P128\)](#)

Initiatives outside Nikon Group

The "Nikon CSR Procurement Standards" require that procurement partners respect the human rights of workers, and that they comply with human rights and labor related regulations and social norms. The content of the Nikon CSR Procurement Standards is based on the RBA Code of Conduct.

Furthermore, in order to verify compliance with the Nikon CSR Procurement Standards by major procurement partners, the Nikon Group implements self-assessment surveys, and conducts audits by external auditors in line with RBA standards. In the fiscal year ended March 31, 2019, the surveys were carried out at 208 companies and audits were conducted at 4 companies. The main audit findings requiring corrective action were in relation to long working hours and the amount of compensation paid for extra working hours.

In addition, with regard to the issue of conflict minerals, Nikon performs a survey of country of origin for those minerals on an annual basis. In the survey for the fiscal

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year ended March 31, 2019, we confirmed that smelters of tantalum for investigated products are all RMAP conformant smelters.

In terms of the protection of personal information, Nikon is implementing measures to prevent information security incidents caused by outsourcing contractors. Besides formulating the Requirements to Ensure Information Security and notifying contractors of these requirements, we also distribute cards that display a summary of the key points of the Requirements. Furthermore, starting from the fiscal year ended March 31, 2019, we have been distributing the Information Security Report (a booklet for outsourcing contractors); in this way, we are supporting contractors to further understand the significance of this issue.

▶ [Promoting CSR Procurement P90](#)

▶ [Dealing with the Issue of Conflict Minerals P94](#)

▶ [Risk Management for Information Assets P128](#)

Human Rights Training

The Nikon Group publishes a CSR newsletter for all Group employees for raising their awareness, and the contents sometimes include human rights articles. Training on the Nikon CSR Procurement Standards (including human rights issues) is also provided to employees in charge of procurement, in Japan, China and Thailand.

We also hold briefing sessions regarding our CSR Procurement Standards and conflict minerals surveys for our procurement partners. Through these sessions, we aim to deepen their understanding of the importance of tackling human rights issues and of the Nikon Group's approach for respecting human rights.

In the fiscal year ending March 31, 2020, we are planning to implement human rights training for the Nikon Group employees, to ensure awareness among employees of the Nikon Human Rights Policy as well as so that they further understand human rights.

▶ [Promoting CSR Procurement \(P90\)](#)

Compliance with the UK Modern Slavery Act

The Modern Slavery Act came into effect in the United Kingdom in October 2015. The Nikon Group has released a statement on its website in accordance with the act.

▶ [Nikon Group Slavery and Human Trafficking Statement for the fiscal year ended March 31, 2018](#)
<https://www.nikon.com/about/sustainability/csr-management/human-rights/uk-modern-slavery2018.pdf>

Labor Relations

The Nikon Group respects and is committed to respecting basic labor rights as described in the "Nikon Human Rights Policy" following the International Labor Organization's (ILO's) "Declaration on Fundamental Principles and Rights at Work."

The Nikon Labor Union is a member of the Japanese Association of Metal, Machinery, and Manufacturing Workers [JAM], mostly made up of employees of SMEs in the metal and machine industries. As of March 31, 2019, the Nikon Labor Union had 4,123 members. The company and unions discuss various issues related to the labor environment, hold joint study meetings, and exchange opinions as necessary.

At Group companies in Japan, Nikon Labor Union chapters and employee-elected representatives serve the same role.

At Group companies outside Japan, issues are discussed either by the company's in-house union or through consultations with an outside labor union to which employees belong. At companies where there is no labor union, we hold briefings for all employees, dialogue with employee groups, and face-to-face meetings with individual employees.

As a result, currently, labor and management maintain generally good relations.

Whenever a substantial change is made to the job description and work location of a Nikon Group employee, the matter is discussed with his or her union or employee representative in advance to obtain their approval, ensuring adequate time is taken to communicate the change to the employee.

Priority Issue 9 Promoting the Success of Diverse Employees



Reason for Priority

As we develop our business globally, we have employees with a variety of social backgrounds and values around the world. We are required to recognize the diversity of each and every employee and provide an attractive workplace where they can all thrive professionally in order to grow sustainably and to secure outstanding human resources.

Commitment

Creating a corporate culture that can continue to drive the creation of new value while reinforcing, manufacturing capabilities is necessary for Nikon to achieve our Medium-Term Management Plan and make it into the foundation for sustainable growth. Toward this end, it is important to create an attractive environment that embraces diversity while enabling employees to reach their full potential. We believe that this represents one of Nikon Group's most important social responsibilities. Specifically, we engage in fair evaluations and treatment that emphasize performance regardless of age or gender, and we provide support for employees to consider their careers independently and develop their skills. Also, we strive to manage employee health and safety rigorously for a greater sense of security. Moreover, we believe that utilizing women in the workplace in Japan is an important issue to address. We will continue to establish a workplace environment where women working at the Nikon Group can play an active role.

Takumi Odajima

Senior Vice President and Director, General Manager of Human Resources & Administration Division

What We Intend to Achieve in 3 to 5 Years	Targets for the Fiscal Year Ended March 31, 2019	Results	Scope
Making diversity and inclusion a core pillar of human resource development	Achieve a female ratio of management positions of 5% by March 31, 2023 ^{*1}	Achieved a female ratio of management positions of 5.1% as of February 2, 2019	Nikon
	Attain a 25% or higher female ratio in regular recruitment at Nikon	Attained a 23% female ratio in regular recruitment at Nikon	Nikon
	Formulate activity plans to increase the percentage of employees with disabilities at each Nikon Group in Japan to at least 2.3% of by June 1, 2021, and implement the first phase of this plan	After formulating activity plans to promote employment of employees with disabilities, promoted the first-year activity plan and attained percentage of employees with disabilities of at least 2.3% at nine Nikon Group companies in Japan	Nikon Group in Japan
Productivity enhancement and work-life balance improvement through measures including support for diverse working styles	Increase the percentage of employee taking at least 14 days of annual paid leave to at least 70%	Attained a 72.5% of employees taking annual paid leave, 14.5 days on average	Nikon
	Reduce the number of employees working excessive overtime ^{*2} 60 hours or more per month (on a monthly average basis)- to "0"	Reduced the number of employees working excessive overtime 60 hours or more per month (on a monthly average basis)- to 0	Nikon
Promotion of health and safety	Reduce occupational accidents in all the Nikon Group in Japan attributed/related to work ^{*3} to less than 40	There were 38 occupational accidents in the Nikon Group in Japan attributed /related to work	Nikon Group in Japan

*1 The numerical targets were adjusted in order to revise the definition of "management positions" accompanying the revision of the HR management system that was implemented in April 2018.

*2 Overtime is defined as the number of hours obtained by deducting the statutory working hours per month (i.e. 40 hours x the number of days in the month ÷ 7) from the total number of hours worked per month (including work performed on weekends and public holidays etc., but excluding annual paid leave, absence without leave, and compensatory days off).

*3 Excluding traffic accidents while traveling on business, and excluding accidents involving falls etc. where the accident was mainly due to individual carelessness.

Fair Treatment and HR Development

The Nikon Group conducts fair evaluations following the philosophy of pay for performance and we promote HR development by supporting employees in their independent career and skills development efforts, regardless of age or gender.

Basic Philosophy on HR Management System

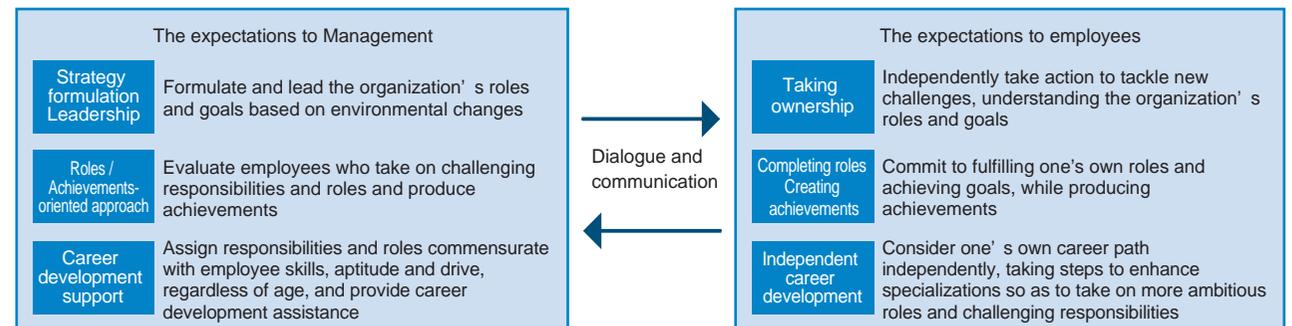
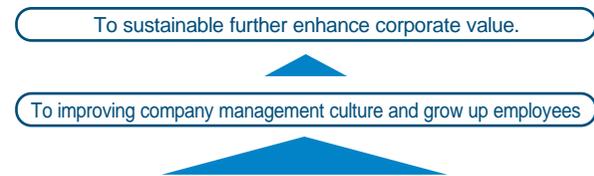
The Nikon Group values dialogue and communication. Our basic policy is to develop a working environment where employees can contribute their drive and skills to the fullest. Based on this policy, HR management systems are in place at each individual Nikon Group company. The Nikon Group conducts fair evaluations with emphasis on performance, irrespective of both age and gender, and encourages employees to fulfill their responsibilities and roles and produce achievements. Employees are placed in jobs and roles based on their aptitude, skills and drive, and we support them to develop their own careers and work on skills development.

Nikon's HR Management System

Nikon is also in the process of a restructuring plan aimed at improving its profitability and transforming its management culture. As part of this, we fundamentally reviewed our HR management system and transitioned to a new system in April 2018 that focuses more on job accountability and achievements. Following the transition to a new HR management system,

we ensure that managers are able to properly evaluate the responsibilities and roles of the employees they are in charge of and to fully explain the results of these evaluations. Furthermore, performance evaluations are determined based mainly on target achievements, while HR departments monitor the status of interviews for setting targets and performance evaluation interviews. In addition, we have newly introduced multifaceted evaluations where the management actions and skills of managers are fed back from those around them, in an effort to enhance management capabilities.

Purpose of Nikon's New HR Management System



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Nikon's Main Systems for Career Development

Profile System

The profile system provides employees with the chance every year to look back on their duties and personal growth and think about their future career vision taking into account the company's expectations. Employees are interviewed by their supervisor to brainstorm ways to develop their individual career.

Career Counseling

We have established offices where employees can consult about improving their skills and advancing their careers if they so desire.

Open Recruitment System

The open recruitment system enables employees to apply for open recruitment when a new employee is required by a department, such as when launching new projects or expanding businesses.

Career Matching Support System (FA System)

The career matching support system allows employees actively seeking to develop their career to request a transfer once a year to seek out new challenging opportunities inside the company.

Human Resource Development

At the Nikon Group, we offer training and educational programs linked with the HR systems of Group companies. Nikon provides training and educational programs to support employees looking to enhance their own employability.

In addition, we are working to strengthen management, including by providing training for employees newly promoted to manager to foster better understanding of their new roles. Furthermore, we provide training for select employees with the purpose of systematically developing management resources and developing the future leaders of the company at an early stage in their career.

In the fiscal year ended March 31, 2019, we held feedback training based on the results of multifaceted evaluations newly introduced this year as part of our efforts to enhance management capabilities. A total of 435 managers participated. During this training, participants analyzed their own evaluation and incorporated what they learned into an action plan that will be used for future management. Moreover, we take inventory of skills and careers in implementing career development training in preparation for each employee's future at appropriate ages to promote the autonomy and independence.

In the fiscal year ended in March 31, 2019, we conducted training on the themes of "personal growth" and "career within an organization" for employees of age 35 in addition to existing career development training targeting employees of age 50.

In the fiscal year ended in March 31, 2020, we will further expand the target age group to include career development training for employees of age 45 in support of their careers. As training and education geared toward those above and other employees, Nikon held a total of 257 training courses organized by departments specializing in education, which were attended by a total of 4,667 employees.

In the fiscal year ended March 31, 2019, on average, Nikon employees spent 2.3 days undergoing training. Training participants are given a questionnaire on their training course to complete, which is then used to assess training curriculum and make continual improvements. Employees of the Group companies in Japan can also take a part in training courses offered by Nikon.

Developing High Level Manufacturing Capacity

The Nikon Group provides various training in promoting advanced manufacturing capabilities, including specialized technical training by field for new hires, as well as employee training based on job duties and experience.

Nikon has been providing training on a long-term basis including technical training for new hires to acquire basic monodzukuri (manufacturing) skills as well as basic training to cultivate design developers who will acquire the know-how encompassing all processes including an upstream process to a downstream process for monodzukuri. Moreover, mid-level designers receive practical training on processing to acquire general knowledge on manufacturing, which aims to promote advancement in skills.

Furthermore, Nikon has also been offering training for cultivating optical designers in maintaining and advancing opto-electronics technologies, one of its core technologies. The training entails both fundamental knowledge of theories as well as sharing of the company's specific technology and skills.

In the fiscal year ended March 31, 2019, quality management training was revamped to become more targeted including separate sessions for upper management, management and newer employees, in order to promote problem solving skills.

In the fiscal year ending March 31 2020, the training program targeting young technicians will be restructured to further advance design and the basics of production technology capabilities.

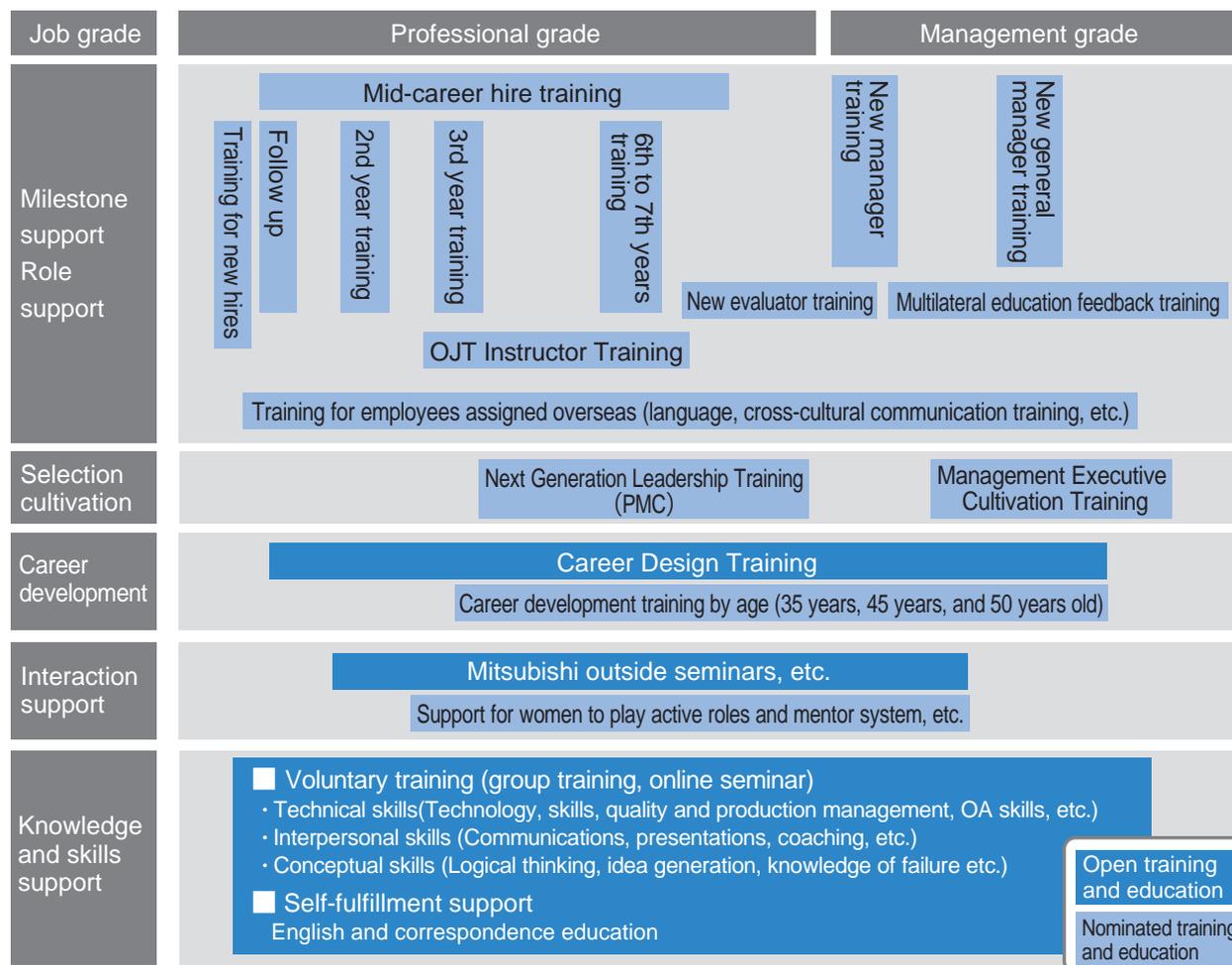
Examples of Training Offered by Nikon

- Selection training aimed at cultivating the next generation of leaders and management personnel
- Training to foster understanding about new roles, such as when employees are newly promoted to management positions, including division head or section head
- HR training and education carried out systematically for several years from the first year of joining the company
- Career development training at certain milestones
- Targeted training for women and managerial candidates
- Application-based training for improving skills and knowledge through independent initiative
- Support for employees wanting to improve their English proficiency

Annual Number of Training Days Per Employee (Fiscal Year Ended March 31, 2019) (Unit: days)

		Number of training days on average
Nikon	Managers	1.7
	Non-managers	2.3
	Men	2.1
	Women	3.0

Education and Training Structure Diagram



* Education and training structure implemented by the specialized education department of Nikon, which excludes education and training provided independently by different business departments.

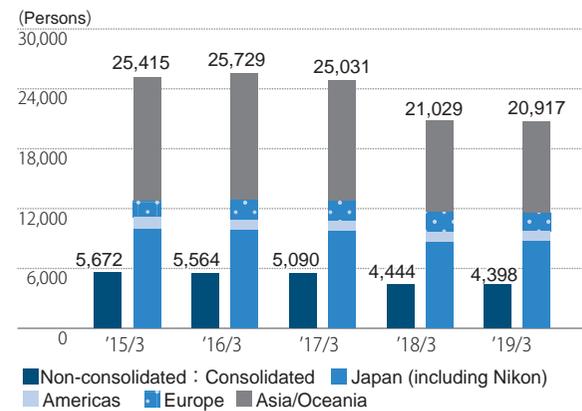
Promoting the Success of Diverse Employees

The Nikon Group respects the diversity and human rights of employees that come from various backgrounds. We actively strive to build an environment allowing success by maximizing the skills of each and every employee.

Respect for Diversity

The Nikon Group takes rigorous steps to respect the diverse and human rights of employees, and provides fair treatment. Our goal is to provide a workplace where our employees can thrive professionally as a team utilizing their individual skills and talents. Specifically, we respect the individuality and human rights of our people and provide them with workplaces where they can be highly motivated, regardless of race, beliefs, gender, educational background, nationality, religion, or age. In addition, our approach emphasizes diversity in our corporate culture by positioning the ability to accept diversity as one of the competencies of the Nikon Group. Human Resources Department at Nikon in Japan takes on women's empowerment and supporting persons with disabilities as priority issues.

Changes in the Number of Employees by Region



* Consolidated figures include permanent employees and non-regular staff of the Nikon Group and executive officers of Group companies. For regional figures, employees of Nikon who are seconded to the affiliates are counted as those of the affiliates. Employees of Nikon Metrology NV and its subsidiary group companies are included in the European figures.

Women in the Workplace

The Nikon Group conducts the same hiring and treatment of employees regardless of gender. In recent years, we are working to promote the more active involvement of female employees in Japan. Specifically, this involves our response to the Act on Promotion of Women's Participation and Advancement in the Workplace enacted in April of 2016. In terms of the low number of female employees and females in management positions, we have established an action plan, along with detailed numerical targets, and are now making efforts to achieve the targets set forth therein. In May 2016, we obtained Eruboshi* (level 2) certification for our efforts in promoting the active involvement of women in the workplace.



* Eruboshi
The nickname given to a certification mark established under the Act on Promotion of Women's Participation and Advancement in the Workplace that is awarded to companies and corporations with an excellent track record in women's empowerment by the Minister of Health, Labor and Welfare. There are three levels of certification based on the number of items cleared.

Increasing the Number of Female Employees

The ratio of female employees at Nikon as of the end of March 2019 was 13%. We have set a target to reach a ratio of 25% or more females during regular hiring to further increase the ratio of women working at Nikon. We have participated in several joint job fairs for women and also held events such as informal gatherings with our female engineers aimed at the above target.

The ratio of females hired during regular hiring reach 23% in the fiscal year ended March 31, 2019, falling just short of the target. In the fiscal year ending March 31, 2020, we intend to carry out more proactive efforts in hiring so that we can achieve the target of at least 25%.

Increasing the Ratio of Females in Management Positions

Nikon has established the target to have 5% of Nikon's management positions occupied by women by the end of March 2023. We are actively supporting both career development and work-life balance aimed at reaching this target.

Following changes in our HR management system in April 2018, we revised the definition of manager and as a result we achieved the 5% target in February 2019 well ahead of the plan. As of March 31, 2019, the ratio of Nikon's management positions occupied by women stood at 5.1% (30 persons). Of these 4.1% represented women in general manager or higher ranking positions (1.3% at Group companies Japan). The ratio of women in manager positions was 5.3% (4.4% at Group companies Japan). Furthermore, we established a new target to increase the number of management positions occupied by women by 20% compared to March 31, 2019 before the end of March 2022.

We are focusing on ongoing career development support and building employee-friendly workplaces.

Ratio of Female Employees

(Unit:%)

		'15/3	'16/3	'17/3	'18/3	'19/3
Women	Nikon	10.3	10.6	11.0	11.5	13.2
	Group companies in Japan	16.5	15.9	16.8	15.5	13.5
	Group companies in Europe	66.8	66.6	65.5	24.2	24.7
	Group companies in the Americas				29.2	25.5
	Group companies in Asia/Oceania				72.5	71.7
Nikon Group		—	—	—	40.5	41.0

* Permanent employees and non-regular staff of the Nikon Group (consolidated). From the fiscal year ended March 31, 2015 to 2018, employees who were seconded to affiliates are counted as those of their original companies. In the fiscal year ended March 31, 2019, employees seconded to affiliates are counted as those of the affiliates.

Ratio of Females in Management Positions

(Unit:%)

		'15/3	'16/3	'17/3	'18/3	'19/3
Women	Nikon	4.1	4.7	5.7	5.8	5.1
	Group companies in Japan	2.2	2.4	3.7	2.5	3.3
	Group companies in Europe	25.0	28.0	26.5	21.6	20.1
	Group companies in the Americas				31.4	21.9
	Group companies in Asia/Oceania				29.8	21.4
Nikon Group		—	—	—	13.1	12.1

* Permanent employees and non-regular staff of the Nikon Group (consolidated). From the fiscal year ended March 31, 2015 to 2018, employees who were seconded to affiliates are counted as those of their original companies. In the fiscal year ended March 31, 2019, employees seconded to affiliates are counted as those of the affiliates.

* The fiscal year ended March 31, 2018 and 2019, the Group companies in Asia/Oceania exclude Nikon Imaging (China) Co., Ltd.

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Career Development Support

Nikon has introduced a mentor program for promoting women's career development. In the fiscal year ended March 31, 2019, mentoring was provided for six months involving 20 people (10 mentor-mentee pairs), with managers serving as mentors. In addition, we have continued to offer self-fulfillment seminars to help female employees develop their skills and build networks since the fiscal year ended March 31, 2009. In the fiscal year ended March 31, 2019, 16 female employees from the Nikon Group participated.



Self-fulfillment seminar

Utilizing a Diverse Workforce

Nikon aims to achieve true globalization and work place diversity as a way to further enhance corporate value. We actively pursue diversity in our recruitment activities in order to continue to provide all employees with a workplace where individuals with different values and experiences can draw inspiration from each other and generate synergies, regardless of gender, nationality, religion or age.

Globally-minded Hiring

In the fiscal year ended March 31, 2012, Nikon took part for the first time in an employment forum for international students held in Boston, United States, to recruit foreign national students studying abroad with a desire to work for Japanese companies after graduation. At this forum, we recruit Japanese nationals and foreign national students studying abroad.

In the fiscal year ended March 31, 2019, we also participated in an employment forum held in San Francisco in the United States.

Nikon also hires new graduates in the fall (October), in addition to April, for a flexible approach to hiring in line with employment systems in Japan and overseas. Through these initiatives, Nikon is aiming to provide a work environment that embraces and stimulates people of diverse backgrounds.

Reemployment System for Retirees

The Nikon Group in Japan provides employment opportunities to employees who have reached the mandatory retirement age of 60, if they so desire. Nikon reemploys all workers of mandatory retirement age who so request it and satisfy the requirements.

In the fiscal year ended March 31, 2019, we reemployed about 90% of all workers of mandatory retirement age, and these employees are now playing an active role within the Nikon Group.

A Life Plan Seminar for post-retirement living is also held for employees who will reach mandatory retirement age in the following year. In the fiscal year ended March 31, 2019, 126 employees attended this seminar.

Supporting People with Disabilities

The Nikon Group is working to establish an environment that enables each and every employee to make the most of his or her individuality and abilities regardless of any disability.

As an initiative to achieve this, in the year 2000 we established Nikon Tsubasa Inc., a special subsidiary of Nikon. Supported by experienced staff and instructors, a total of 37 employees, including 35 intellectually disabled people, worked for the company as of March 31, 2019.

Nikon Tsubasa Inc. is contracted to perform work from other Nikon Group companies. This work includes such tasks as processing, assembling, and packaging components, and disassembling cameras for recycling.

Nikon Tsubasa Inc. accepts tours from companies, schools and support organizations with the goal of fostering understanding about the work of people with disabilities.

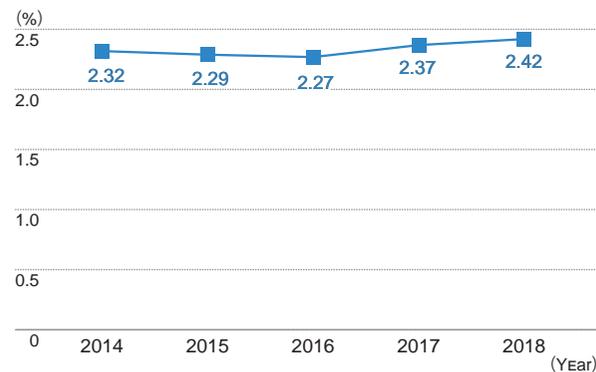
A total of 432 people from 87 organizations took part in the fiscal year ended March 31, 2019. Furthermore, Nikon Tsubasa supports the social inclusion and work of people with disabilities by accepting 12 trainees from welfare facilities and schools for the disabled.

The statutory employment rate of people with disabilities was met after the four companies of Nikon, Nikon Tsubasa Inc., Nikon Systems, and Nikon Business Service received group certification.

Going forward, the Nikon Group will work to increase contract work given to Nikon Tsubasa in an effort to support the employment and social participation of people with disabilities.

[Nikon Tsubasa Inc.](http://www.nikon-tsubasa.co.jp/)
<http://www.nikon-tsubasa.co.jp/> (in Japanese)

Changes in Employment of People with Disabilities under Group Certification



* The rates are as of June 1 of each year.

Column

We Are Carrying Out Initiatives to Promoting the Hiring and Providing Career Support for People with Disabilities

We host meetings for promoting the hiring of people with disabilities twice a year in order to implement initiatives for promoting the hiring and providing career support for people with disabilities across the entire Nikon Group in Japan. Persons in charge of and responsible for HR at the Nikon Group in Japan take part in these meetings to share best practices concerning the employment of people with disabilities and to discuss ways of raising awareness inside the company. In this manner, each company is working together to maintain and improve the employment rate of people with disabilities. In December 2018, we invited human rights educator, Ms. Sayoko Nakano, to speak at the meeting. Her talk focused on the theme of eliminating barriers in people's minds, and served as an opportunity for participants to think about reasonable accommodations for people with disabilities based on the example of the awareness-raising certification marks. Participant feedback included comments such as "The talk was easy to understand and put into practice for anyone. I was able to broaden my understanding of people with disabilities." Nikon has established a target to increase the employment rate of people with disabilities to at least 2.3% of the total workforce at every Nikon Group company by June 2021. In the fiscal year ended March 31, 2019, we compiled a three-year plan on the employment of people with disabilities based on the issues faced by each company and implemented the first year action plan. As of March 31, 2019, nine Nikon Group companies in Japan had an employment rate of people with disabilities of greater than 2.3%.



Meeting for promoting the hiring of people with disabilities

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Supporting Diverse Work Styles

The Nikon Group is working to raise the efficiencies of work styles with the goal of increasing labor productivity and securing a diverse workforce.

Our goal is for employees to achieve work-life balance while also having a high degree of motivation at work.

Working on Reducing Working Hours

The Nikon Group is working to reduce working hours. In the fiscal year ended March 31, 2019, Nikon carried out a number of initiatives after establishing the specific targets of reducing the number of employees who work excessive overtime of more than 60 hours per month to zero and ensuring at least 70% of annual paid leave days are taken by employees. As a result, we were able to achieve both targets. The ratio of annual paid leave days taken by employees was 72.5%. The main measures implemented by Nikon are as follows.

Countermeasures against Long Working Hours

- Cooling System which intended to prevent certain individuals from taking on excessive overtime work
- Thoroughly implemented health exams covering excessive overtime work
- Held interviews with workplaces that have long working hours and provided instructions for improvement

Encouragement to Take Annual Paid Leave

- Established the company-wide annual paid leave
- Established days encouraged for taking annual paid leave (days in between holidays)
- Established system for systematically taking five days of annual paid leave
- Pushed supervisors and employees who take few days of annual paid leave to take annual paid leave

Other Initiatives to Reduce Working Hours

- Introduced flextime work
- Required applying in advance for overtime
- Established no overtime day

Telecommuting

Nikon has established a telecommuting system. Originally, this system was reserved for only certain departments, but from April 2016 the scope of eligible employees was expanded so that employees from any department who meet the requirements can take advantage of this system. We eased procedural requirements for to enable employees to use the system more flexibly; for example, employees can now telecommute in half-day increments. In the fiscal year ended March 31, 2019, we held a trial involving all employees at certain administrative departments where we checked issues and effects of the system. As a result, some 166 departments and 434 employees used the system as of March 31, 2019. This is 4 times the number of users from the previous fiscal year. Nikon is working to improve productivity and promote work-life balance through the more concentrated and efficient execution of operations.

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Supporting Balance Care for Children and Other Family Members

Nikon helps employees balance care for children and other family members with their work. This is made possible through childcare leave up to the second birthday of children, staggered working hours for childcare or family care leave, reduced working hours, flextime with the possibility for reduced working hours as well as hourly leave.

Also, Nikon introduced an entry system to provide opportunities to rejoin the company for former employees with specialized skills or extensive work experience who left the company for child care, family care, a spouse's job transfer or other unavoidable reasons. We have obtained the Next-Generation Childcare Support Certification Mark (Kurumin mark for childcare support) for three consecutive terms in 2008, 2011 and 2015. In June 2018, we obtained the Platinum Kurumin mark*.



* Platinum Kurumin

This certification by the Minister of Health, Labour, and Welfare recognizes companies that have introduced a higher level of work-life balance assistance measures, from among those companies receiving the Kurumin mark after establishing an action plan pursuant to the Act on Advancement of Measures to Support Raising Next Generation Children.

Number of Employees Taking Children Leave

(Unit: Persons)

		'15/3	'16/3	'17/3	'18/3	'19/3
Nikon	Men	9	6	7	11	28
	Women	21	27	35	24	30
Group companies in Japan	Men	1	1	2	2	7
	Women	12	16	19	21	18

* Permanent employees and non-regular staff

Number of Employees Taking Family Care Leave

(Unit: Persons)

		'15/3	'16/3	'17/3	'18/3	'19/3
Nikon	Men	2	0	3	2	0
	Women	1	1	2	1	0
Group companies in Japan	Men	0	2	0	2	2
	Women	1	0	0	1	3

* Permanent employees and non-regular staff

Employees' Health and Safety

The Nikon Group recognizes a workplace environment that enables employees to work safely and actively, both physically and mentally, leads to the improvement of workplace vitality and productivity as well as personal life. Based on this idea, we are working on strict safety management and health maintaining and improving activities.

Health and Safety Activity Policies in Japan

The Nikon Group has established “the Nikon Group Health and Safety Activity Policies.” These policies are used to ensure the health and safety of employees—who are the foundation of corporate activities—and to promote improved productivity and work-life balance.

Nikon Group Health and Safety Activity Policies for the Fiscal Year Ended March 31, 2019 (in Japan)

Target:

Promote “work-style reform,” steadily implement basic health and safety activities, and promote comfortable and healthy workplaces that serve as a foundation for improved productivity

Three Policies:

- 1) Maintain and improve health and promote health management measures in work-style reform to improve employees' mental and physical health
- 2) Establish and implement management standards for chemical substances and role out the chemical substances management system across the entire company
- 3) Identify the risk of labor injuries using cross-functional audit activities and take thorough steps to prevent reoccurrence

Health and Safety Management System

The Nikon Group Health and Safety Activity Policies are established by the Central Health and Safety Committee. This committee is different from the mandatory Health and Safety Committee. It is made up of representatives from both labor and management and chaired by a director and senior vice president. The presidents of major Group companies in Japan also participate as observers. The Central Health and Safety Committee assesses and monitors regular health exams, stress checks, and occupational accidents at the Nikon Group in Japan. Based on this, it also incorporates measures to be implemented in the future into the Nikon Group Health and Safety Activity Policies for the subsequent fiscal year. Sendai Nikon Corporation acquired OHSAS 18001 certification for its occupational health and safety management system in December 2001, followed by Nikon (Thailand) Co., Ltd. in September 2010.

Raising Health and Safety Management Standards

Nikon provides health and safety training for new hires and foremen. Also, we provide health and safety training at Group companies in Japan that had a large number of occupational accidents in the previous fiscal year.

Starting in the fiscal year ended March 31, 2019, we launched activities with the goal to reduce occupational accidents at the Nikon Group in Japan attributed/related to work* to less than 40 and carried out activities.

In the fiscal year ended March 31, 2019, the above occupational accidents totaled 38, reaching this goal. We will continue working on identifying accident risks and implementing countermeasures given that the frequency rate remains high due to a higher number of lost time accidents, including serious injuries.

As for occupational accidents at the Nikon Group outside Japan, we monitor the situation at each company by conducting a survey at the end of every fiscal year. We also strive to share information with and raise awareness at the Group companies.

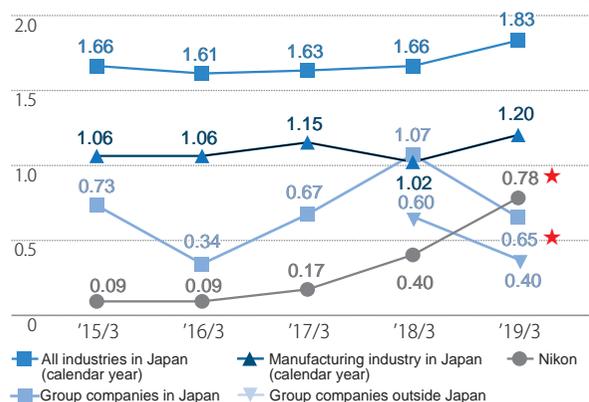
* Excluding traffic accidents while traveling on business, and excluding accidents involving falls etc. where the accident was mainly due to individual carelessness.

Occupational Accidents Attributed/Related to Work at Nikon Group in Japan (Unit: cases)

the Fiscal Year Ended March 31, 2017	39
the Fiscal Year Ended March 31, 2018	33
the Fiscal Year Ended March 31, 2019	38

* Targets for the fiscal year ended March 31, 2019: less than 40.

Frequency Rates of Lost Time Accidents (1 or More Days)*¹



*¹ Frequency rate

The number of deaths and injuries resulting from occupational accidents per million hours worked, which is used as an index for the frequency of occupational accidents.

* Group companies in Japan include non-consolidated group companies (24 companies in the fiscal year ended March 31, 2019).

★: Values assured by the third party.

Frequency Rate of Occupational Illnesses (Fiscal Year Ended March 31, 2019)★

	Frequency Rate of Illnesses
Nikon	0.00
Group companies in Japan	0.07

* Group companies in Japan include non-consolidated group companies (24 companies in the fiscal year ended March 31, 2019).

★: Values assured by the third party.

Severity Rate of Lost Time Accidents (1 or More Days)¹

	'15/3	'16/3	'17/3	'18/3	'19/3
All industries in Japan	0.09	0.07	0.10	0.09	0.09
Manufacturing industry in Japan	0.09	0.06	0.07	0.08	0.10
Nikon★	0.00	0.00	0.00	0.01	0.02
Group companies in Japan★	0.01	0.01	0.01	0.01	0.02
Group companies in Europe	—	—	—	0.06	0.03
Group companies in the Americas	—	—	—	0.00	0.00
Group companies in Asia/Oceania	—	—	—	0.01	0.00

*¹ Severity rate

The number of work days lost per 1,000 hours worked, which is used as an index for the severity of occupational accidents.

* 0.00 indicates a rate of less than 0.005.

* Group companies in Japan include non-consolidated companies (24 companies in the fiscal year ended March 31, 2019).

★: Values assured by the third party (fiscal year ended March 31, 2019).

Types of Occupational Accident and Diseases, Injuries at Nikon Group in Japan (Fiscal Year Ended March 31, 2019) (Unit: persons)

Types	Number of injuries
Bruise	16
Cut wound	14
Broken bone	8
Burn	5
Back pain	3
Other injuries	11

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Supporting the Health of Employees Assigned from Japan to Group Companies outside Japan

Nikon is working to enhance health support for employees that are assigned from Japan to Group companies outside Japan. Specifically, we are expanding pre-departure training and conducting a health checkup during assignments. Also we provide support to these employees in response to local medical risks through coordination with international medical assistance services and other measures.

Mental Health Care

As part of its response to legally mandated employee stress check system, Nikon places emphasis on questions pertaining not only to employee comfort, but also motivation. We compile and analyze findings for each workplace, making improvements in working environment. As a result, in recognition of these initiatives, Nikon received certification as a Health and Productivity Management Organization 2019 (White 500) in February 2019. We also conduct health promotion events with the aim of helping employees to maintain and improve their health.



*Health and Productivity Management Organization 2019 (White 500)
The Certified Health and Productivity Management Organization Recognition Program is jointly run by the Nippon Kenko Kaigi; and the Ministry of Economy, Trade and Industry, which promotes "Health and Productivity Management". This system endeavors to highlight outstanding enterprises engaged strategically in efforts to advance health management in terms of productivity management.

Priority Issue 10 Strengthening Compliance



Reason for Priority

There is no end to the number of corporate scandals in major companies, leading to loss of trust. Increasing public attention has been drawn to corporate principles and corporate social responsibility. These scandals, in many cases, have even threaten the survival of major companies in an instant due to the materialization of reputational risk accompanying misconduct. Companies must meet the expectations of society not only by focusing on international guidelines and rules but also by understanding diverse values in a broad range of perspectives.

Commitment

The Nikon Code of Conduct, which we revised last year, sets the standards for all Nikon employees to fully recognize the importance of compliance, comply with laws and regulations, company rules, and social norms, make ethical decisions, and take appropriate actions with integrity in day-to-day business activities.

I believe that it is important not only to understand what is written in the Nikon Code of Conduct, but also to put it into practice. Going forward, I will continue to convey my thought to all employees with the simple message of “Do Right!”.

Masashi Oka

Representative Director, Senior Executive Vice President and CFO
Chairperson of the Business Conduct Committee

Activity Policies

- Nikon Code of Conduct
- Nikon Anti-Bribery Policy

System

- Business Conduct Committee

What We Intend to Achieve in 3 to 5 Years	Targets for the Fiscal Year Ended March 31, 2019	Results	Scope
Dissemination of the Nikon Code of Conduct	Implement the training on the new Nikon Code of Conduct (revised in January 2018) at Nikon and all of the Group companies	Implemented training for all employees at Nikon and all Group companies to disseminate the revised Nikon Code of Conduct	Nikon Group
Improvement of the reporting and consulting system	Collect and analyze information related to the introduction of the external contact points handled by a specialist firm in the Asian region	Reviewed the framework of the reporting and consulting system, and collected and analyzed information on the contact points handled by specialist hotline firms in the Asian region	Nikon Holding Hong Kong Limited / Group companies in Asia and Oceania

Compliance

The Nikon Group has established a group-wide compliance promotion system, in order to engage honestly with the trustworthiness placed in us by society.

Under this system, we are striving to ensure compliance throughout the entire Nikon Group.

Nikon Code of Conduct

The Nikon Code of Conduct is a specific set of standards for each and every employee to understand in depth, and implement, the concept of compliance. In January 2018, we revised this code of conduct to address the latest requirements of the global community.

Specifically, the revision included adding descriptions on such topics as human rights, taxation, import control and social responsibilities of the supply chain, and standardized this code of conduct as the common rule for all Group companies both inside and outside Japan. To ensure thorough compliance with the code of conduct in the Nikon Group, the head of each department at Nikon and above, and the president of each Group company make a pledge each year to take responsibility in complying with the code of conduct in the organizations that they are in charge. In the fiscal year ended March 31, 2019, the booklet of the code of conduct was issued in 16 languages and distributed to all employees inside and outside Japan.

[▶ Nikon Code of Conduct](#)

<https://www.nikon.com/about/sustainability/nikon-csr/codeofconduct/>

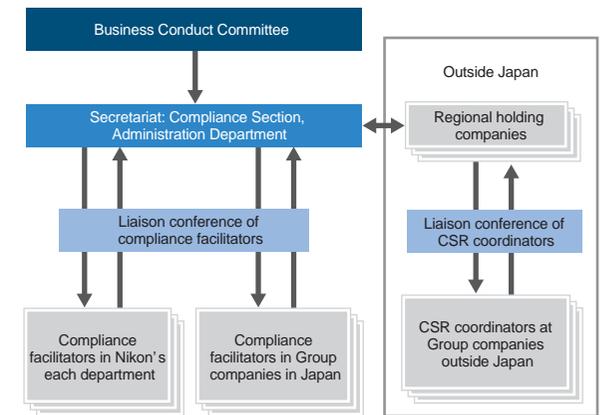
Compliance Promotion System

The Business Conduct Committee, chaired by the Representative Director, Senior Executive Vice President and CFO of Nikon, serves as a forum for deliberating and making decisions on important issues regarding promotion of compliance. The Compliance Section of Nikon's Administration Department serves as the secretariat of this Business Conduct Committee. In Japan, we collaborate with the compliance facilitators at each of Nikon's departments and the Group companies to undertake compliance promotion activities.

Moreover, we hold compliance facilitator liaison conferences to carry out highly-effective compliance promotion activities.

Outside Japan, the regional holding companies take the initiatives in reinforcing global activities by gathering opinions of the Group companies and sharing their knowledge of cultures, customs and regulations in each country and region.

Compliance Promotion Structure Diagram



Reporting and Consulting System (Code of Conduct Hotline)

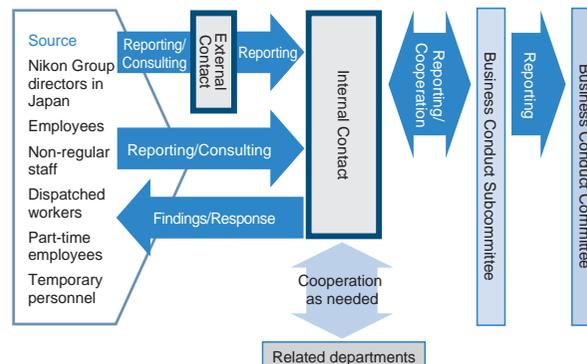
The Nikon Group has established a reporting and consulting system at all Group companies in and outside Japan in order to respond to reports of violations or potential violations of the Nikon Code of Conduct. "Code of Conduct Hotline," a common reporting/consulting channel for employees of the Nikon Group in Japan (including non-consolidated Group companies), consists of an internal contact point and an external contact point which is handled by an external specialist firm.

Outside Japan, as a general rule, each Group company has established its own internal contact point. In addition, the contact points handled by external specialist firms have been set up in Europe and the Americas. In regard to the Group companies in China, multiple contact points are accessible at the regional holding company, Nikon's headquarters and the external specialist firms (limited to some subsidiaries only) in addition to those set up at these companies themselves.

In the fiscal year ended March 31, 2019, we collected and analyzed information on external specialist firms for the Group companies in Asia. We aim to establish external contact points based on our findings in the fiscal year ending March 31, 2020.

For each case received through the system, we collect information from the reporter and persons relevant to the matter to understand the issue objectively. And then, we work together with relevant departments to resolve the case and follow up as necessary. We treat each case with utmost care by respecting human rights, which includes keeping the matter in strict confidence, protecting privacy, ensuring anonymity, and preventing any disadvantages for using the system.

Diagram of the Reporting and Consulting System in Japan



Use of Reporting and Consulting System (Fiscal Year Ended March 31, 2019)

(Unit: cases)

	Cases
Group companies in Japan	40
of which human rights-related matters (harassments, labor, etc.)	33
Group companies outside Japan	4
of which human rights-related matters (harassments, labor, etc.)	3

Compliance Promotion Activities

Compliance Training for All Employees at Nikon Group

The Nikon Group aims to disseminate the awareness of compliance in every person at the Nikon Group, from our top management to each employee. To this end, we hold compliance seminars for officers as well, which are delivered by attorneys who specialize in this field on the occasion of the Business Conduct Committee meetings. We provide e-learning training programs and conduct face-to-face training sessions by compliance facilitators at each department and the Group company inside and outside Japan.

In the fiscal year ended March 31, 2019, we carried out training globally to disseminate the revised code of conduct, and 23,865 employees inside and outside Japan attended (attendance rate: 99.8%). We will also continue to provide training on the code of conduct to newly hired employees. In addition, at the Nikon Group in Japan, compliance training was also conducted focusing on the prevention of bribery and the prevention of harassment prescribed by the code of conduct. Outside Japan, regional holding companies take the lead in conducting training activities with regional characteristics, for employees of the Group companies. Further, in our CSR newsletter for all Nikon Group employees, we introduce compliance related news that are reported in the world and explain the Nikon Group's view on compliance.

Global Awareness Survey (Monitoring)

As a general rule, the Nikon Group conducts monitoring through awareness survey of employees inside and outside Japan every two years. Through this, the Nikon Group intends to understand the dissemination of compliance awareness and employees' confidence in the reporting and consulting system as well as current situations of compliance training, whose results are reflected on improving the Nikon Group's promotional activities.

In the fiscal year ended March 31, 2019, we conducted the awareness survey for the entire Nikon Group in September and October 2018. The results were reported at the meeting of the Business Conduct Committee held in December 2018 together with comparisons between regions and over time.

The results of the survey were fed back to all departments at Nikon and the Group companies with requests for improvements, and each company strives to make improvements on the basis of this.

Through such efforts, the Nikon Group has established a PDCA cycle for promoting compliance in all regions where we conduct business activities.

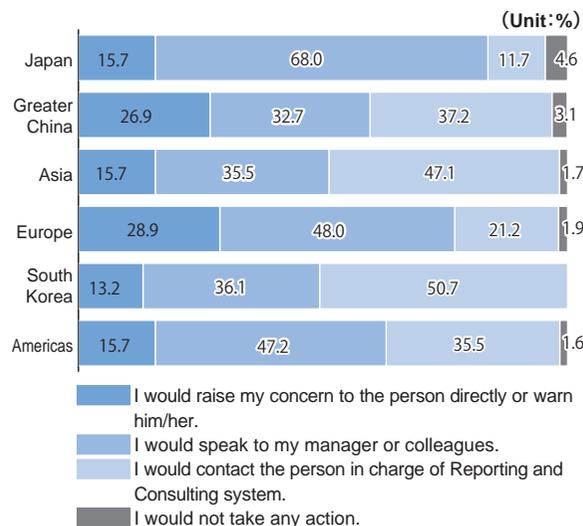
Overview of Employee Awareness Survey

Country/Region	No. of times implemented (Times)	Most recent implementation	No. of respondents (People)
Japan	12	October 2018	11,087
Greater China	7	October 2018	865
Asia	5	October 2018	2,117
Europe	5	October 2018	1,298
South Korea	4	September 2018	219
Americas	4	October 2018	526
Total			16,112

* Surveys at overseas Group manufacturing companies were only conducted for employees with PCs.

Results of Employee Awareness Survey (Awareness of Violations)

■ Question: What action would you take if you witnessed an act at the Nikon office which might be a compliance violation?



Efforts to Prevent Bribery

The Nikon Group enacted the Nikon Anti-Bribery Policy to reiterate its long-standing commitment to prevent corruption.

In addition, led by the Compliance Section, holding companies outside Japan have each formulated their region-specific Anti-Bribery Guidelines. These guidelines put together basic concepts, precautions and operational procedures, etc., on areas such as entertainment, gifts, donations, and facilitation payment, and reflect regional characteristics, in order to comply with the Nikon Anti-Bribery Policy. Each regional holding company also leads the training sessions that are continually held to raise the awareness of the guidelines.

Further, at the end of the fiscal year, Nikon and each of the Group companies reviewed their implementation of these anti-bribery guidelines through self-assessment checklists with the aim of making improvement in the next fiscal year. In the fiscal year ended March 31, 2019, we revised the guidelines for the Group companies in Japan to clarify the procedures on inviting public officials to give a lecture. Thanks to these initiatives, the Nikon Group has never been the subject of investigation on corruption by the authorities in any country.

[▶ Nikon Anti-Bribery Policy](https://www.nikon.com/about/sustainability/csr-management/compliance/anti-bribery_policy.pdf)
https://www.nikon.com/about/sustainability/csr-management/compliance/anti-bribery_policy.pdf

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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 engage in business deals that comply with the competition laws of each country.

In recent years, the international community has increased its focus on competition laws, requiring more stringent efforts to comply with the laws. 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. Through this education, we strive to promote and disseminate the awareness of legal compliance across the entire group as well as prevent the recurrence of competition law violations.

Furthering Education on Competition Law

The Nikon Group has been making global efforts to educate employees with respect to competition law that are in line with the laws and regulations of each country. Specifically, the Legal Department of Nikon's headquarter takes the lead in providing competition law education for the entire Nikon Group. The legal department of each business operational site and each Group company prepare a curriculum and provide education with the assistance of local law offices as necessary. One of the goals regarding compliance activities in the fiscal year ended March 31, 2019, was to "Continue to provide education annually on a global basis, and ensure that competition law training takes root in the Nikon Group." Under this goal, we conducted competition law training around the world, while, in Japan, we strove to increase the number of participants of the training by using e-learning. In the fiscal year ended March 31, 2019, competition law training was conducted at 43 companies which account for 6,107 employees of the Nikon Group (including non-consolidated Group companies) who are considered to be at a relatively high risk of violating competition law. Going forward, we plan to strengthen collaboration between the Legal Department of Nikon's headquarters and legal department of each business operational site, and consider methods to check the level of understanding of competition law so that we can provide more effective education.

Bioethics

Nikon conducts the research and product development giving full consideration to human dignity and human rights for the business development in the life science industry. To intensify our effort for the bioethics, we established the regulations for the Bioethics Review Committee in June 2014 and we formed the Bioethics Review Committee in September of the same year. The committee is composed of experts in the humanities, the social sciences and the natural sciences who can provide opinions of the general public including the viewpoints of research subjects, and its review scope is the research and development in life science area conducted by the Nikon Group in Japan. The committee called a meeting once in the fiscal year ended March 31, 2019, where the validity of each research and development was reviewed based on the ethical and scientific perspectives. Additionally, the Nikon Group provides the annual education to the employees of the research and development section involved in the life science research, using the e-learning curriculum of the Association for the Promotion of Research Integrity that covers proper ethics as well as examples of unethical research and ways to prevent it. Through these educational opportunities, we strive to conduct a fair research and development in accordance with the laws, ordinances and guidelines. 120 employees received the education in the fiscal year ended March 31, 2019.

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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.

At Nikon in the fiscal year ended March 31, 2019, there were two disciplinary actions for fraud against a party or supervisor (two persons), and zero disciplinary actions at the Group companies in Japan. The disciplinary actions at Nikon were both due to illegal or unethical conduct outside of business.

At the Group companies outside Japan, there were 14 cases of serious disciplinary action involving fraud.

Nikon continually provides education for employees through the CSR newsletter, e-learning and other means in order to prevent the recurrence of fraud.

Priority Issue 11 Ensuring Effective Governance

Reason for Priority

Engaging in business activities globally requires that we forecast and respond to the various risks and opportunities from a medium- to long-term perspective. The ability to respond to the various requests of stakeholders is also required. It is essential that we strengthen governance based on these perspectives.

Commitment

Strengthening governance is one of the important challenges for a company, and it is necessary to build a corporate governance system that ensures transparency and discipline to become a company that is trusted not only by investors but also by diverse stakeholders. Nikon has implemented initiatives aimed at strengthening governance, including transitioning to a company with an audit and supervisory committee structure and increasing the number of external directors on the Board to more than one-third. In the fiscal year ending March 31, 2020, we will work to strengthen the supervisory functions of the independent external directors and the secretariat functions of the Board of Directors, in addition to establishing a Nominating Committee.

Kazuo Ushida
Representative Director and Chairman of the Board

Activity Policies

- Corporate Governance Guidelines
- Basic Policy on Internal Control System
- Nikon Global Tax Policy
- Nikon Group Information Security Policy
- Nikon Group Personal Data Processing Rules
- Nikon Group Basic Intellectual Property Policy

System

- General Shareholders' Meeting
- Board of Directors
- Audit and Supervisory Committee
- Nominating Committee
- Compensation Committee
- Executive Committee
- Risk Management Committee
- Export Control Committee

What We Intend to Achieve in 3 to 5 Years	Targets for the Fiscal Year Ended March 31, 2019	Results	Scope
Implementation of measures based on the results of the evaluation of the effectiveness of the Board of Directors	Consider the establishment of a voluntary nominating committee	Established a Nominating Committee in May 2019 to make the process of election and removal of directors and officers, including the President, more transparent	Nikon
	Further expand the activities of the Board of Directors, including having the Board discuss the Medium-Term Management Plan from the draft plan formulation stage	Further expanded the activities of the Board of Directors, including having the Board discuss the Medium-Term Management Plan continuously from the draft plan formulation stage and engage in environmental analysis utilizing external knowledge from time to time	Nikon
Strengthening of risk awareness and management	Implement risk analysis covering the entire Nikon Group and ensure linkage between related departments	Implemented risk visualization using different perspectives than those used in the past, such as risk maps for each division. Provided prompt feedback to related departments after completion of reporting to the Risk Management Committee	Nikon Group

Corporate Governance

Amid continued globalization of the business environment, the Nikon Group is working to enhance the relationships of trust it enjoys with its stakeholders by increasing management efficiency and transparency and strengthening its corporate governance organization.

Basic Concept Relating to Corporate Governance

Based on its corporate philosophy, the Nikon Group will carry out highly transparent management by fulfilling its fiduciary responsibilities toward shareholders as well as its responsibilities toward all stakeholders, including customers, employees, business partners, and society, with a sincere and diligent attitude.

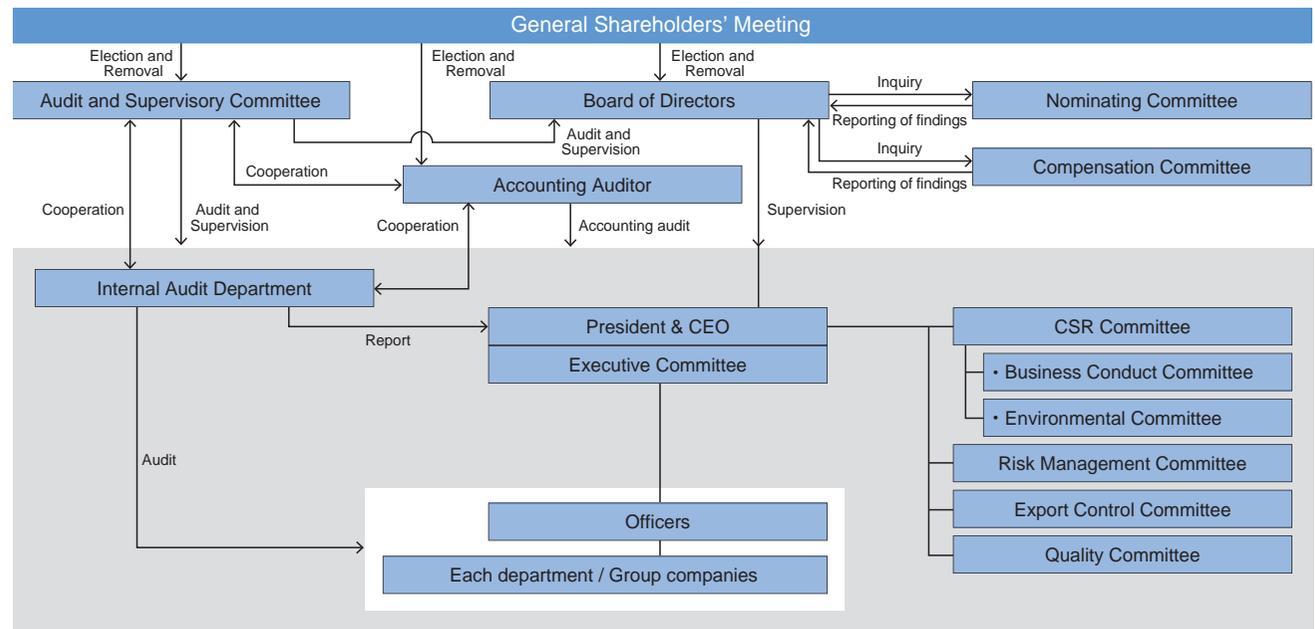
The Nikon Group will strive to achieve sustainable growth and enhancement of its corporate value over the medium- to long-term, by improving management efficiency and transparency and further strengthening the supervisory function over management in light of the purpose of Japan's Corporate Governance Code.

[Corporate Governance Guideline](https://www.nikon.com/about/ir/governance/organization/guideline/)
<https://www.nikon.com/about/ir/governance/organization/guideline/>

System

Aiming to further enhance corporate governance, Nikon adopted a company with an Audit and Supervisory Committee. This position further strengthens the supervisory function of the Board of Directors as it strives to streamline decision-making and clarify management responsibility arising through delegation of authority.

Nikon's Corporate Governance Organization (As of June 27, 2019)



Directors and Officers (As of March 31, 2019)

	Directors		Officers*	Unit
		of whom, Audit and Supervisory Committee members		
Number of persons	Internal	7	2	21 persons
	External	4	3	
Ratio of Women		0	0	0 %
Ratio of non-Japanese		0	0	0 %
Attendance at Meetings of the Board of Directors	Internal	100	100	— %
	External	96	95	
Term of office	Less than 1 year	Less than 2 years	Less than 1 year	—

* Includes five directors serving concurrently as officer

Number of Women and Non-Japanese Appointed as Nikon Group Directors / Officers and Corporate Auditors (As of March 31, 2019)
(Unit: persons)

Category	Women	Non-Japanese
Directors, officers, and corporate auditors	3	28

* Local equivalent to director, officer, and corporate auditor included in the head count. Cases of directors or officers serving in concurrent posts are counted as one individual.

Board of Directors

The Board of Directors supervises management by directors and assumes the decision-making functions regarding matters prescribed under laws and regulations, the Articles of Incorporation of the Company, as well as the important matters concerning the Nikon Group. For the purpose of clarifying the scope of delegation to executive directors and officers while ensuring prompt decision-making and management by executive directors and officers, the Company specifically sets out the matters subject to deliberation at Board of Directors' meetings in the criteria for matters subject to deliberation and reporting at Board of Directors' meetings. For example, the Board of Directors makes decisions on matters concerning important management issues, including the basic management policies, the Medium-Term Management Plan, the annual plan, the Basic Policy on Internal Control System, and investments and loans exceeding a certain amount. Moreover, in order to further strengthen the supervisory function of the Board of Directors, the Company has appointed five independent external directors (including three Audit and Supervisory Committee members). Meetings of the Board of Directors are presided at by the Chairman of the Board, who does not serve concurrently as an officer.

Audit and Supervisory Committee

The Audit and Supervisory Committee audits and supervises the status of management by directors other than those who are Audit and Supervisory Committee members, and officers as an independent body. For such a purpose, Audit and Supervisory Committee members regularly attend meetings of the Board of Directors as well as important meetings such as the Executive Committee, and conducts audits and supervision over management and directors. In addition, to further enhance the independence and neutrality of the

audit system, the Audit and Supervisory Committee shall consist of five Audit and Supervisory Committee members, including three independent external directors.

Nominating Committee

The Company has a Nominating Committee as a voluntary advisory body to the Board of Directors. External directors comprise a majority of the members, and an external director chairs the Committee. The Nominating Committee primarily formulates criteria for the election and removal of the president and directors, nominates candidates, considers the composition of the Board of Directors, and oversees evaluation and assignment of officers so as to ensure that decisions on the election and removal of directors and officers are transparent and objective.

Compensation Committee

The Company has a Compensation Committee as a voluntary advisory body to the Board of Directors. External directors and external experts comprise a majority of its members, and an external director chairs the Committee. The Compensation Committee deliberates and makes proposals for policy regarding executive compensation as well as various related systems so as to ensure objectivity, transparency, and linkage with performance in the process of determining executive compensation.

Executive Committee

The Executive Committee, as the highest decision-making body of management, swiftly and decisively makes decisions on individual major management issues delegated by the Board of Directors, in accordance with basic management and other policies, as determined by the Board of Directors.

Nomination and Selection of Directors and Officers

Policies for Appointment

Nikon appoints director candidates from among those who understand the management environment of the Company and who can contribute to the sustainable growth of the Nikon Group and the enhancement of corporate value over the medium- to long-term from a sophisticated and global viewpoint, while also being qualified to earn the trust of society as members of the Board of Directors.

Furthermore, Nikon appoints external director candidates from among those with a wealth of knowledge and experience as executives of other companies or with expertise and experience as specialists such as attorneys and certified public accountants, and who are qualified to take part in the management supervision function from a fair and objective standpoint independent of management.

Nikon appoints officer candidates from among those with a broad perspective, a wealth of experience, leadership skills, and capabilities to promote reforms in their respective areas of responsibility, while possessing the ability to strategically fulfill their capabilities to contribute to the improvement of business performance.

Criteria for Determining Independence of External Directors

In addition to the criteria for external directors under the Companies Act, the Company judges an external director candidate to be independent if he/she does not fall under any of the following criteria.

- a) The candidate serves or served the Group in the past.
- b) The candidate is a “major client or supplier*” of the Company or an executive thereof.
- c) The candidate is a major shareholder of the Company or an executive of said major shareholder.
- d) The candidate served in the past at a company whose directors are concurrently serving as external directors of the Company and vice versa.
- e) The candidate is a person who belongs to a company or organization that receives a donation from the Company, or a person who served in the past at such a company or organization.
- f) The candidate’s relative within the second degree of kinship serves as an important executive of a “major client or supplier” of the Group or the Company.

* “Major client or supplier” refers to a client or supplier that falls into either of the following.

- (1) A client or supplier with whom the Company has a transaction that falls into the following, in any of the past three years
 - a party that receives payment from the Company equivalent to 2% of the party’s consolidated net sales or 100.0 million yen, whichever is greater
 - a party that makes payments to the Company equivalent to 2% of the Company’s consolidated net sales or 100.0 million yen, whichever is greater
- (2) A consultant, an accounting professional, or a legal professional who receives compensation from the Company in excess of 10.0 million yen per year (average over the past three fiscal years)

Procedures for Appointment

The Nominating Committee deliberates on the nomination of candidates for president and director, and the nomination of candidates is determined by resolution of the Board of Directors based on the results of these deliberations.

The appointment of officers is determined by resolution of the Board of Directors after the Nominating Committee confirms the appropriateness of such appointments.

The nomination of candidates for director who is an Audit and Supervisory Committee member is subject to the prior consent of the Audit and Supervisory Committee.

Reasons for Appointment

Please refer to pages 6 through 11 in the Notice of the 155th Annual General Shareholders’ Meeting for the reasons for the appointments of directors other than members of the Audit and Supervisory Committee. For directors who are also members of the Audit and Supervisory Committee, please see page 13 in the Notice of the 155th Annual General Shareholders’ Meeting for the reasons for the appointment of Takaharu Honda, and pages 12 through 15 in the Notice of the 154th Annual General Shareholders’ Meeting for the reasons for the appointments of Atsushi Tsurumi, Haruya Uehara, Hiroshi Hataguchi, and Kunio Ishihara.

▶ [Notice of the 155th Annual General Shareholders’ Meeting](https://www.nikon.com/about/ir/stock_info/meeting/pdf/155/notice.pdf)
https://www.nikon.com/about/ir/stock_info/meeting/pdf/155/notice.pdf

▶ [Notice of the 154th Annual General Shareholders’ Meeting](https://www.nikon.com/about/ir/stock_info/meeting/pdf/154/notice.pdf)
https://www.nikon.com/about/ir/stock_info/meeting/pdf/154/notice.pdf

Training of Directors

When new directors take office, Nikon offers training opportunities for them to fully understand the roles and responsibilities they are expected to fulfill. In addition, even after taking office, Nikon offers opportunities for these directors to attend training sessions, including study sessions with external experts, such as attorneys, as lecturers and seminars hosted by external organizations, in order to promote further understanding about the roles and responsibilities of directors.

Furthermore, Nikon holds meetings attended by external directors and representative directors, in order to promote effective utilization of the expertise of external directors as well as free and constructive deliberation. In this way, Nikon supports external directors in further enhancing their understanding about the Company's businesses, finances, organizational structure, and other aspects, with the aim of receiving appropriate advice from them.

In the fiscal year ended March 31, 2019, Nikon held the following training sessions.

- Product briefings at Board of Directors' meetings to deepen understanding of the Company's products, etc.
- Seminars on corporate ethics led by attorneys
- Dissemination of information via e-learning and e-mail, etc.

Evaluation of the Board of Directors' Effectiveness

Nikon asks a third-party organization to analyze and evaluate the effectiveness of its Board of Directors in order to further improve its functions.

The efforts to address issues identified through the previous evaluation (for the fiscal year ended March 31, 2018) as well as the issues identified in this evaluation (for the fiscal year ended March 31, 2019) and the future responses are outlined below.

<Evaluation Method>

- A third-party organization conducted a survey and individual interviews of all directors on general matters related to the Board of Directors, its composition, prior preparations, and details of deliberations, among others, to evaluate Board effectiveness and identify issues.
- Based on the evaluation results, discussions were held at a meeting of the Board of Directors on how to improve its functions.

<Evaluation Results>

Summary

- Certain progress has been observed with regard to "comprehensive restructuring and realization of growth strategies," such as increasing the opportunities for discussion at meetings of the Board of Directors.
- At the same time, there is room for improvement in efforts to address other issues identified in the fiscal year ended March 31, 2018, while the governance system needs to be further strengthened.

Efforts to Address Issues Identified in Previous Evaluation

• Strengthening of secretariat function of the Board of Directors

Although improvements in the materials distributed before meetings were observed, necessary to reinforce

collaboration between the secretariat and the executive departments for fuller deliberations.

• Comprehensive restructuring and realization of growth strategies

Progressed toward realization of growth strategies, including carrying out discussions from the early draft stages of the Medium-Term Management Plan released in May 2019.

• Enhancement of the Board of Directors and its complementary functions

In addition to holding meetings attended by external directors and representative directors and setting up systems for receiving appropriate advice, engaged in repeated considerations aimed at establishing a voluntary nominating committee (Nominating Committee established in May 2019).

<Main Issues Identified in This Evaluation and Future Response>

• Initiate governance reforms

Establishment of Nominating Committee in May 2019 and commencement of activities.

• Strengthen supervisory functions of independent external directors

Further strengthening of the supervisory function of the Board of Directors, including review of composition of independent external directors.

• Strengthening of secretariat function of the Board of Directors

Provision of support aimed at enhancement of deliberations of the Board of Directors through stronger collaboration between the secretariat and executive departments.

Taking into account the issues raised by this evaluation, Nikon plans to continue implementing measures to further enhance Board effectiveness going forward.

Compensation of Directors and Officers

Compensation System

Basic Policies on Compensation

Executive compensation will be determined to satisfy the following basic criteria.

- Executive compensation should motivate executives to sustainably improve corporate and shareholder value, as well as enhance their willingness and morale.
- Executive compensation should help, keep, cultivate, and reward excellent personnel.
- The decision-making process for the compensation system should be objective and transparent.

Compensation System and Performance-based Structure

a) The compensation system for executive directors and officers comprises the following components. The distribution ratio for compensation is determined by changing the proportion of performance-based compensation and stock compensation to fixed compensation according to position and duties.

<Fixed Compensation>

• Fixed monthly compensation

This monetary compensation is not based on performance.

<Performance-based Compensation>

• Bonuses

This monetary compensation is based on the degree of accomplishment and qualitative assessment of the capital efficiency and profitability of the Group as a whole and departments in charge on a single-year basis, and is determined within the range of 0% to 200% of the standard payment.

• Performance-based stock remuneration

Stock compensation is determined within the range of 0% to 150% in accordance with achievement of the Company's overall capital efficiency and other financial performance indicators, in the final fiscal year of the Medium-Term Management Plan to be resolved every three fiscal years, with the aims of sharing value with shareholders and enhancing willingness and morale for improving medium- to long-term performance.

<Stock Compensation>

• Subscription rights to shares granted as stock-related compensation

Subscription rights to shares are granted with the aims of sharing value with shareholders and enhancing willingness and morale for improving long-term performance, within the range not exceeding 5% of the share dilution ratio.

b) The compensation system for non-executive directors consists only of fixed compensation ("fixed monthly compensation").

* In the event that a director or officer is found to be in serious breach of duties, the Company may claim total or partial reimbursement of compensation.

Method for Determining Compensation Level and Amount

The Compensation Committee discusses and advises on related systems in order to determine the level and system appropriate to the duties on account of compensation levels of major Japanese companies that globally develop their businesses so as to determine the compensation amount consistent with the performance of the Group and its business scale. The Compensation Committee also considers the formulation and establishment of policy for compensation for directors and officers and deliberates on the specific method of calculation. Based on the results of those deliberations, the compensation for directors other than members of the Audit and Supervisory Committee is determined by resolution of the Board of Directors, and the compensation for directors who are members of the Audit and Supervisory Committee is determined by consultation with the directors who are members of the Audit and Supervisory Committee.

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Compensation

Total Compensation Amount

Category	Fixed compensation		Performance-based compensation		Stock compensation		Total	
	Fixed monthly compensation		Bonuses		Subscription rights to shares granted as stock-related compensation			
	Number of persons	Amount of compensation (million yen)	Number of persons	Amount of compensation (million yen)	Number of persons	Amount of compensation (million yen)	Number of persons	Amount of compensation (million yen)
Directors other than those who are Audit and Supervisory Committee members (of whom, external directors)	6 (1)	253 (13)	5 (—)	133 (—)	5 (—)	85 (—)	6 (1)	472 (13)
Directors who are Audit and Supervisory Committee members (of whom, external directors)	6 (3)	93 (40)	—	—	—	—	6 (3)	93 (40)
Total	12	346	5	133	5	85	12	564

* The above number of directors who are Audit and Supervisory Committee members includes one director who is an Audit and Supervisory Committee member (none of whom are external directors) who retired at the conclusion of the 154th Annual General Shareholders' Meeting held on June 28, 2018. Furthermore, the compensation for the retired director is included in the amount of compensation listed above.

* The amount of subscription rights to shares granted as stock-related compensation shown above indicates the amount of compensation, etc., concerning subscription rights to shares granted to directors other than those who are Audit and Supervisory Committee members (excluding non-executive directors) recorded as expenses during the fiscal year.

Compensation Amount for Each Director

(Unit: million yen)

Name	Total amount of compensation on a consolidated basis	Officer category	Fixed compensation	Performance-based compensation	Stock compensation
			Fixed monthly compensation	Bonuses	Subscription rights to shares granted as stock-related compensation
Kazuo Ushida	146	Director	74	44	28
Masaki Oka	130	Director	64	42	24

* Only persons with total compensation, etc., over 100 million yen are shown.

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Internal Control System

Basic Policy on Internal Control System

The Nikon Group's Basic Policy on Internal Control System was established based on Japan's Companies Act and its Ordinance for Enforcement (enacted in May 2006) as a structure for ensuring appropriate business operations.

▶ [Basic Policy on Internal Control System](#)

<https://www.nikon.com/about/ir/governance/internal-control/policy/>

Structuring of Responsibility and Authority

Nikon has created and operates its Rules Governing the Authority of the Organization and Personnel, which clearly define the structure of authority for each post and organization. Furthermore, by implementing management and guidance of all Group companies in line with the Decision and Reporting Rules for Subsidiaries and the Decision Standard for Subsidiaries, we strive to perform duties efficiently and in an organized manner.

Internal Auditing

Nikon has designed systems for enabling the Internal Audit Department to fully perform its functions, including securing the independence from operational divisions. Based on the annual audit plan reported to the Executive Committee and the Board of Directors subsequent to the President's

approval, the Internal Audit Department audits whether or not each division conducts their operations in accordance with laws and regulations and internal rules, manages risks adequately, and so on to evaluate the appropriateness of the internal control systems and implemented operations at the Nikon Group (including non-consolidated subsidiaries), and presents them with proposals for improvements. Furthermore, the Internal Audit Department conducts the assessments of the company to be made for the Internal Control Report System specified by the Financial Instruments and Exchange Act (J-SOX), and also evaluates the effectiveness of the internal control system from the standpoint of observing the Companies Act.

Internal audit sections established at regional holding companies in Europe (the Netherlands), the Americas (the United States), and the Asia and Oceania region (Hong Kong) conduct audit engagements and J-SOX evaluations for subsidiaries in each region from perspectives independent of business operations. The Internal Audit Department of Nikon supervises these internal audit activities to be conducted at each internal audit section to strive for performing effective audits on a global scale. All of the internal audit results are reported to the president and the directors concerned, and follow-ups are implemented with proper timing. Also, an overview of annual audit activities is reported to the Executive Committee and the Board of Directors.

Internal audit results are also shared with the Audit and Supervisory Committee, and regularly scheduled meetings are held between the Internal Audit Department and the Audit and Supervisory Committee to ensure their close cooperation.

Taxation

Taxes have a significant impact on the development of local communities, and proper payment of taxes is an important social obligation for companies.

The Nikon Group stipulates conduct in compliance with applicable tax laws and regulations and open and honest dialogue with tax authorities in the Nikon Code of Conduct. We also established the Nikon Global Tax Policy in March 2019 in order to improve tax compliance and strengthen governance.

Based on this policy, the Nikon Group will implement tax compliance that is aligned with management policy and management of taxation that is consistent across the Group to respond appropriately to changes in the operating environment regarding tax governance inside and outside of Japan and tax risks.

Risk Management

The Nikon Group manages comprehensive risks and implements measures for its continuous growth.

Basic Approach to Risk Management

The Nikon Group has implemented a risk management system in order to deal appropriately with all risks that may have a significant impact on corporate management with the aim of constant growth for Nikon and the Group companies.

Risk Management System

The Nikon Group has the Risk Management Committee to deal appropriately with risks that may have significant impacts on corporate management in order to secure future growth. This committee covers the entire risk of the Nikon Group. It is chaired by the Officer in Charge of Risk Management and made up of Executive Committee members, with the Administration Department serving as secretariat. For the fiscal year ended March 31, 2019, the committee was held in August 2018 and in February 2019. The Risk Management Committee supervises the risks as a whole, and specialist committees have been set up to cover risks requiring specialized knowledge. These subcommittees also handle detailed matters. Business-specific risks are tackled by the respective business division.

Main Activity Themes of Risk Management Committee in the Fiscal Year Ended March 31, 2019

- Report of results of survey on litigation
- Report on the company-wide risk identification survey for the fiscal year ended March 31, 2019
- Enforcement and response to EU General Data Protection Regulation (GDPR)
- China Cybersecurity Law-related activities

Main Specialist Committees Involved in Risk

Management Committee	Main risks handled
Risk Management Committee	Risk in general
CSR Committee	CSR in general
Business Conduct Committee	Compliance in general
Environmental Committee	Environmental issues in general (climate change, management of chemical substances)
Export Control Committee	Prevention of the Foreign Exchange Law Violation and security risk management
Quality Committee	Quality in general
Bioethics Review Committee	Bioethics

Risk Assessment

The Nikon Group conducts risk identification surveys to gain overall insight into the risks affecting the Group. In the fiscal year ended March 31, 2019, the Nikon Group conducted a survey targeting managerial staff at the general manager level and above as well as presidents of the Group companies around the world. After tabulation, a risk assessment was conducted from a company-wide perspective to identify, analyze and evaluate risks. Based on this risk map, risks caused by the changes taking place over the past five years were identified on a company-wide and business division basis and reported to the Risk Management Committee.

Summary of the committee report materials, including the risk map, was fed back from the secretariat to each department that responded to the survey to share awareness of company-wide risks.

Related Information

Financial results contain more information about business and other risks within analysis on management performance and financial condition.

[▶ Financial Results \(Fiscal Year Ended March 31, 2019, P10 to 13\)](https://www.nikon.com/about/ir/ir_library/result/pdf/2019/19_4qf_c_e.pdf)
https://www.nikon.com/about/ir/ir_library/result/pdf/2019/19_4qf_c_e.pdf

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BCM*¹ Activities Measures

The Nikon Group has formulated BCPs*² in preparation for large-scale disasters and other emergencies and reviews them every year.

In the fiscal year ended March 31, 2019, we carried out e-learning for employees of the Group companies in Japan (including directors) on action and preparation in the event of major earthquakes, given that the probability of major earthquakes, such as a Tokyo Inland Earthquake or a Nankai megathrust earthquake, has increased in the past few years. We also provided communications training using a scenario where mobile telephones, emails and other forms of communication are shut off due to a major disaster in conjunction with disaster prevention training at Nikon plants. The training involved using a mobile application that is not as easily affected by communications systems as voice communication for emergency communication connecting Nikon head office with each plant.

We prepared an English language version of the BCM Standards, which we formulated in 2016, for the Group companies outside Japan overseas in our efforts to communicate Nikon's basic BCM principles and the head office system in the event of disasters in Japan.



Items for emergency supply

*1 Business Continuity Management (BCM)

Management activities carried out in normal times, such as the formulation, updating and maintenance of the BCP, implementation of proactive measures, education and training, checking and continual improvement.

*2 Business Continuity Plan (BCP)

A plan describing the policy, systems, and procedures, etc., by which corporations can avoid suspension of critical business or can restore critical business quickly if it is interrupted, even when unforeseen contingencies arise, including natural disasters such as major earthquakes, communicable disease pandemics, etc.

Risk Management for Information Assets

The Nikon Group has built a high level information management system to meet the status of the countries and regions where we operate our business. We protect our information assets from risks such as cyber attacks, leakages or disasters. Significant information asset risks are reviewed by the Risk Management Committee composed of members including Executive Committee members.

Information Assets Management Policy

The Nikon Group has established information security management systems in line with the circumstances in each country and region based on the "Nikon Group Information Security Policy" and the "Nikon Group Information Management Rules."

These rules are posted on the internal portal site so that employees are able to check them.

[▶ Nikon Group Information Security Policy](#)

https://www.nikon.com/about/sustainability/csr-management/governance/security_policy.pdf

Column

Nikon Certified as Tokyo Simultaneous Going Home Restraint Promotion Enterprise

Tokyo Metropolitan Government certifies companies that are taking active initiatives to stop people returning home all at once in the event of a disaster as the Tokyo Simultaneous Going Home Restraint Promotion Enterprise under the Tokyo simultaneous going home restraint promotion enterprise authorization system established in fiscal 2018. In December 2018, Nikon was certified as a promotion company.



Promotion enterprise authorization mark

Information Management System

The Nikon Group have placed the President of Nikon as the superintendent of information management and established the Information Security Division to propose measures toward information management throughout the entire Nikon Group and work to implement as well as maintain these systems. Specifically, we have assigned the heads of each organization at the department and division level of Nikon, and at each Group company as the supervisor of information management. They should strive for comprehensive and appropriate information management based on the guidance of Information Security Division. For example, we conduct security assessment on the website platform and the applications so as to ensure the secure management of personal information. In the fiscal year ending March 31, 2020, we will continue to improve our information management system through careful discussions with relevant departments in order to manage customer data in a secure manner.

Incident Response

When an incident occurs at the Nikon Group, the site where the incident occurred is obligated to report it immediately to the Information Security Division. The Information Security Division works with relevant departments to establish a system for minimizing damage and impact, and processes for promptly resuming business.

In addition, members of the Information Security Division attend incident response training courses run regularly by security vendors. There have been no major information security incidents involving the payment of fines or compensation in the past three years.

Information Management of Contractors

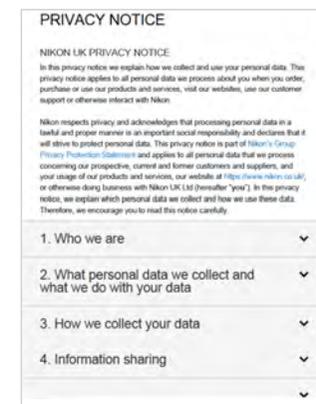
The Nikon Group is aware that our indifference to the contractor's information management regarding disclosure of our information, such as personal information and confidential information, will lead to serious information security risks. Therefore, in the fiscal year ended March 31, 2019, we distributed around 300 handy cards requesting that information security be ensured to workers at contractors working on behalf of the Nikon Group. We also distributed approximately 1,200 copies of Information Security Report (a pamphlet for contractors). We will continue striving to improve information management at contractors.



Information Security Report

Protection of Personal Information

On April 1, 2018, the Nikon Group enforced the “Nikon Group Personal Data Processing Rules”, which are based on the “Nikon Group Privacy Protection Statement” and apply throughout the Nikon Group. We are making the Statement and the Rules well known within the Group through education and awareness raising activities. Moreover, we conduct internal audits and voluntary inspections to check that personal information is handled lawfully and properly. Furthermore, we will prepare a record of processing activities of personal information based on the Rules. The Nikon Group presents customers with a privacy notice in accordance with the relevant laws and regulations of each country with regard to personal information received from customers.



Privacy Notice of Nikon UK in accordance with GDPR (Excerpt)

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Information Security Education

The Nikon Group strives to promote awareness and effectiveness of information security among employees. Specifically, we have posted the “Nikon Group Information Security Policy” and the “Nikon Group Information Management Rules” on the internal portal site, and we provide regular education on information security. Within this education program, we include not only knowledge of the statement and the rules but specific examples. We have distributed the “Nikon Group Information Security Handbook” to employees of Group companies in Japan and Asia. This handbook is used in regular training to make sure that every one of the employees understands the importance of information asset management and complies with the rules with strong awareness. In the fiscal year ended March 31, 2019, we provided e-Learning around the theme of “potential password risks” to employees of Group companies in Japan. We also provide training using e-Learning and quarterly journals in Europe, the Americas and Asia.



Information Security e-Learning 2019

Information Security Check

The Nikon Group periodically conducts internal checks to improve our information security level. In the fiscal year ended March 31, 2019, we distributed a checklist to all departments at the Nikon Group in Japan (approximately 140) as part of a check on the status of information management at contractors, information management systems and the management of personal information. In addition, we conducted checks of five departments in Nikon and three Group companies in Japan on the important themes of the workplace where there has been major organizational change, the possibility of retaining personal information and changes in individual numbers as nicknamed My Number (like Social Security Number) related operations. The Nikon Group plan to conduct internal checks focusing on the control on information access, etc. in the fiscal year ending March 31, 2020.

Responses to Country-specific Risks

The Nikon Group operates globally with employees working in countries all over the world, with most of its production and sales activities taking place outside Japan. There are many risks posed by doing business internationally, including changes in political system and business climate, social unrest caused by riots, terrorism, war, or infectious diseases, damages to infrastructure, such as water, electricity and telecommunications, and logistics functions from disasters, and difficulty hiring or an exodus of talent, among others. We are developing a risk management system for each country which can manage risks that are specific to each region in an appropriate way.

Risk Management for Employees Dispatched to Foreign Countries

The Nikon Group has management regulations in place for expatriated personnel, striving to ensure the safety of business travelers, transferees, and accompanying family members, working outside of their home country. Specifically, the General Manager of the Human Resources & Administration Division establishes basic policies and security levels for specific regions as the Overseas Risks Chief Officer. The Nikon Human Resources Department, as the Office of Management for Overseas Risks, carries out risk management activities. We are also working on the development of an emergency contact system containing risk information for the Nikon Group. A designated Overseas Risks Chief Manager and Officer are stationed within every unit of Nikon and at each Group company. Under this system, risk information is conveyed internally, safety checks are carried out during emergencies, and reports are made to the Office of Management for Overseas Risks.

Risk Management Activities Carried Out by the Office of Management for Overseas Risks

The main activities of the Office of Management for Overseas Risks are as follows.

1. Collection and dissemination of information on risk management
2. Development of emergency contact system in preparation for safety confirmation and initial response
3. Region-specific risk surveys
4. Information gathering and service procurement in collaboration with external security companies and medical assistance companies

Making Risk Information Known and Risk Management Education

Nikon makes risk information known and provides risk management education in order to ensure the safety of expatriated employees and raise their awareness about security.

In the fiscal year ended March 31, 2019, we reviewed the risk level quarterly and made it known to the Nikon Group given the growing threat of terrorism and other risks around the world.

In addition, we set up an overseas safety information page on our internal website to make information from external securities companies and government agencies known.

Efforts for Security Export Control

Basic Concept Relating to Security Export Control

Japan and other major countries conclude international treaties and establish international frameworks (export control regime) to maintain international peace and security. In cooperation with the international community, the Nikon Group not only complies with laws and regulations but is also continuously conscious of fulfilling its social responsibilities. To that end, we conduct rigorous control of EXPORT*.

* EXPORT: For the export of goods (including domestic trade resulting in export) and provision of technologies.

Basic Policy on Security Export Control (Summary)

1. The Nikon Group does not engage in acts that violate Foreign Exchange and Foreign Trade Act.
2. The Nikon Group designates persons in charge of security export control in order to establish and enhance a security export control system.

▶ Basic Policy on Security Export Control

<https://www.nikon.com/about/sustainability/csr-management/governance/enhancing-export/>

Security Export Control System

Based on basic policies and internal regulations, a system of security export control has been established at the Nikon Group in Japan that are involved in EXPORT. Under this system, we have assigned the Senior Executive Vice President of Nikon and presidents of the Group companies in Japan as CECO (Chief Export Control Officer), and technical experts internally entrusted with duties to determine whether the goods fall under controlled goods.

Even if the goods are not controlled goods by law, we verify that the goods will not be used for the development of Mass destruction or conventional weapons. (Transaction Screening)

We apply for approval in cases that approval by the Minister of Economy, Trade and Industry is necessary, following the necessary internal procedures for EXPORT. We formulate internal regulations that follow the laws and ordinances of each country and common the Nikon Group rules even at the Group companies outside Japan conducting EXPORT. Based on these regulations, we strive not to engage in round-about export or part of dealings with customers of concern.

Utilization of AEO Program*

In 2007, Nikon was certified as an AEO exporter under the Authorized Economic Operator (AEO) Program.

Through this certification, Nikon is able to ensure security in international trade while facilitating international trade operations.



The official logo of the AEO Program

* Authorized Economic Operator (AEO) Program

It is a program under which customs authorities in individual countries approve those operators equipped with cargo security management and compliance systems to facilitate and simplify their customs procedures. The World Customs Organization (WCO) adopted an international framework of standards to secure and facilitate global trade ("SAFE framework") that prescribes guidelines for introduction and construction of the program.

Management of Security Risks in International Trade

The Nikon Group conducts an education program for employees aimed at improving employees' knowledge and understanding of export control.

In the fiscal year ended March 31, 2019, we held training sessions (30 times with a total of 476 participants) for Nikon Group employees in Japan.

Additionally, we conducted export control audits of 13 Nikon departments and 12 Group companies in and outside Japan.

We have endeavored to maintain and improve our export control system, including the commencement of the partial operation of transactional guidelines for the Group companies outside Japan and will progressively expand the operation of the guidelines.

Intellectual Property Management

The Nikon Group protects its advanced technologies, designs, and trademarks, by engaging in various efforts related to intellectual property, and support the brand value of the Nikon products in the marketplace.

Intellectual Property Policy

Intellectual property is recognized as an extremely valuable asset to the Nikon Group because it is a driving force behind the long-term and stable continuation of business and contributes to shaping Nikon's brand value. In the event that a third party infringes upon the intellectual property rights assigned to the Nikon Group, we will take strict action and strive to prevent any harm from impacting not only our customers and all of our stakeholders but also ourselves.

Furthermore, the Nikon Group's fundamental position is to respect the rights of third parties, and we will obtain information on intellectual property through lawful and fair means.

Intellectual Property System

The Nikon Group has an Intellectual Property Division within Nikon. It works in close cooperation with the business and R&D divisions to carry out various activities related to intellectual property, including regular reviews of invention value based on changes in the business climate. Furthermore, we have established the Nikon Group Basic Intellectual Property Policy. Based on this policy, Nikon and its Group companies inside and outside Japan carry out a strategic response through worldwide cooperation and coordination on the acquisition, maintenance, and

utilization of intellectual property rights as well as the handling of intellectual property disputes and other matters.

Additionally, Nikon provides training on intellectual property to new employees, research and development staff, etc. to ensure their proper understanding and handling of intellectual property.

Data on Nikon's Intellectual Property (Unit: cases)

Item	Results from 2018
Number of Japanese published patent applications	667
Number of United States patent registrations	231

Protection of Intellectual Properties

The Nikon Group carries out various initiatives for the protection of intellectual properties and their increased use internally.

Patent Infringement Suit Concerning Semiconductor Lithography Systems

Nikon initiated a series of legal actions in April 2017 in the Netherlands, Germany and Japan to halt the infringement of Nikon's patents by ASML Holding N.V., a Dutch manufacturer of semiconductor lithography systems, and its affiliates, as well as Carl Zeiss SMT GmbH, a German supplier of optical components to these companies. With regards to this series of actions, Nikon, ASML, and Carl Zeiss all entered into comprehensive reconciliation for all legal actions related to lithography systems and digital camera patents and concluded a final cross-licensing agreement on February 18, 2019. Under the agreement, ASML and Carl Zeiss will pay Nikon a total of EUR150 million (approximately ¥19.0 billion*), and it also includes an agreement to the effect that both companies will pay

an licensing fee in an amount that corresponds to 0.8% of annual net sales of immersion lithography systems for a period of 10 years starting from the date of conclusion of the final agreement.

* Calculated using EUR1=JPY125

Measures against Infringements on Trademark Rights and Design Rights

In the event where infringed goods are not dealt with, quality and safety problems may cause unexpected damage to consumers, including safety issues due to poor quality. The Nikon Group regards countermeasures against product infringements as a socially important policy. From the perspective of brand protection and consumer protection, in cooperation with all of its Group companies, Nikon is continuously working on countermeasures against infringements on trademark rights and design rights

Nikon's Measures against Product Infringements

- Government raids in cooperation with government agencies in each country
- Criminal investigations in cooperation with police agencies
- Customs injunctions in cooperation with customs offices in each country
- Detection of counterfeit items on e-commerce sites and takedown of those sites

> Corporate Citizenship Activities

Corporate Citizenship Activities

Main results achieved in the fiscal year ended March 31, 2019

Next generation who received the support and encouragement by the Nikon Group through our corporate citizenship activities

34,451 people

Nikon Group's Corporate Citizenship Activities

Within the Nikon Group, individual companies and facilities implement corporate citizenship activities in their role as members of the community.

Approach to Corporate Citizenship Activities

In order to realize the commitment embodied in Nikon's corporate vision—Unlock the future with the power of light—and contribute towards the development of the community, in our corporate citizenship activities the Nikon Group is promoting activities that focus on the next generation, who will play a key role in bringing about changes in the future.

To ensure that all companies in the Nikon Group undertake their initiatives in this area based on the same approach, the Nikon Community Contribution Activities Policy outlines the principles that should be followed when implementing corporate citizenship activities.

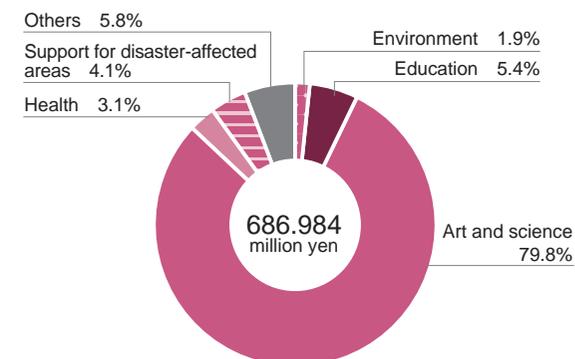
[Nikon Community Contribution Activities Policy](https://www.nikon.com/about/sustainability/citizenship/)
<https://www.nikon.com/about/sustainability/citizenship/>

Corporate Citizenship Activity Promotion System

The Nikon Group promotes the implementation of corporate citizenship activities by all Group companies through the CSR Promotion System, in which the CSR Committee plays a central role. By implementing the annual survey on Nikon Group Corporate Citizenship Activities, we are able to monitor whether the initiatives adopted by individual Group companies are in conformity with the Community Contribution Activity Policies; the Survey results are reported to the CSR Committee.

[CSR Promotion System \(P8\)](#)

Expenses for Corporate Citizenship Activities by Area (Fiscal Year Ended March 31, 2019)



> Corporate Citizenship Activities

Employee Participation in Corporate Citizenship Activities

The Nikon Group is working to improve the environment surrounding employee participation in corporate citizenship activities. Besides providing support through systems such as Nikon’s volunteer leave system and the Volunteering Scheme of Nikon U.K. Ltd., we also plan activities that are easy for employees to take part in, and encourage employee participation.

Participation in Corporate Citizenship Activities

Total participants (fiscal year ended March 31, 2019)	3,629
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The whole Nikon Group joined in the In-house Campaign for supporting the School Feeding Programme by the World Food Programme (WFP). In this campaign, donations have been made to the WFP through employees’ actions in relation to SDGs.



A voluntary activity after office hours to prepare illustrated books with the text in Lao. The books are distributed to children in Laos by a collaborating NPO.

Helping the Next Generation to Appreciate the Global Environment Issues



With the aim of spreading awareness of various global environment issues among the next generation, the Nikon Group implements environmental awareness raising activities for children, utilizing Nikon products and other tools.

In Japan, Nikon has been supporting the AKAYA Project, which aims to restore biodiversity and build a sustainable regional community. In March 2010, as part of the project, we created a booklet "AKAYA NOTE" for children to learn the biodiversity, and since then we have been distributing it to various schools for free every year. In the fiscal year ended March 31, 703 copies of the booklet were delivered. In the Netherlands, working together with SME Advies, the local branch of an international environmental education NGO, Foundation for Environmental Education (FEE), three Nikon Group companies—Nikon Holdings Europe B.V., Nikon Europe B.V. and Nikon Instruments Europe B.V.—developed the "Light on Small" environmental education teaching materials, which employ Nikon’s fieldmicroscopes and cameras, as part of the FEE’s Eco-Schools program. As of the fiscal year ended March 31, 2019, these teaching materials have been used by 300 school children in five schools so far.

[▶ Corporate Citizenship Activities for Environment \(P85\)](#)

Participation in the Nikon Group’s Environmental Awareness Raising Activities

Total participants (fiscal year ended March 31, 2019)	1,003
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The booklet AKAYA NOTE helps children to learn about biodiversity, by taking the animals and plants that live in the forest as its subject matter and making extensive use of photographs and illustrations.



The "Light on Small" teaching materials for the FEE’s Eco-Schools program, which incorporate observation using Nikon’s fieldmicroscopes and cameras

> Corporate Citizenship Activities

Supporting Children with Schooling



The Nikon Group has been working to assist children with school enrollment and attendance who find it difficult to go to school for economic reasons, primarily in regions involved in our products.

Three companies, Nikon, Nikon (Thailand) Co., Ltd., and Nikon Lao Co., Ltd., provide scholarships in Thailand and Laos through international education NGOs. In Thailand, we provided scholarships for 173 junior and senior high school students and university students in the year ended March 31, 2019, bringing the total number of scholarship recipients over 12 years to 1,916. In Laos, we provide scholarships to 100 junior high school students each year, with 500 total recipients over five years.

In addition, the Nikon Group provides support for the United Nations' World Food Programme (WFP) school feeding. In the fiscal year ended March 31, 2019, we donated 1,006,938 yen, enough for 33,566 school meals. Going forward, the Nikon Group will continue these initiatives in the hope that going to school will inspire children to create their own visions for the future.

Children Receiving Financial Assistance from the Nikon Group

Recipients (fiscal year ended March 31, 2019)	384
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Scholarships in Thailand are provided through Shanti Volunteer Association in Japan and Sikkha Asia Foundation in Thailand. There are local visits every June to interact with scholarship recipients.



Scholarships in Laos are provided through the Education for Development Fund (EDF)-JAPAN and EDF-Lao, an NGO in Laos. The scholarship students receive regular home visits when Nikon conducts its site tours.



Every year, the Nikon Group employees in Japan participate in Walk the World, a charity event organized by the Japan Association for the World Food Programme. 230 employees participated in the event in May 2018.

Encouraging the Next Generation to Build the Future



The Nikon Group implements a range of activities aimed at identifying and cultivating the industrial, technological and visual arts talent of the future.

The Nikon Photo Contest is an international photo contest sponsored by Nikon, held every two years, which is open to both professionals and amateurs, regardless of age, gender or nationality. A total of 32,852 people entered the 2018–2019 Contest, and the cumulative total of people who have entered the Contest over the years is around 440,000. In addition, in association with the Nikon Salon—a photography exhibition venue, which Nikon established to popularize and strengthen photographic culture—we have been implementing the “Be a Photographer” support activity for young photographers. Some of the Group companies outside Japan also work to support the cultivation of the human talent that will drive the continued evolution of the visual arts in the future, for example by providing sponsorship for photography festivals, giving free photography seminars at universities, and more. In addition, through industry-academic collaboration, Nikon collaborates on the cultivation of future talent. In Japan, we foster optical engineers who can actively perform in both industrial and academic fields by delivering lectures at the Nikon Chair of Imaging Science established at the Institute of Industrial Science (IIS), The University of Tokyo. In Laos, we strive for the cultivation of industrial talent who can understand Japanese through the Nikon-JICA Scholarship (offered at Savannakhet University), operated jointly with the Japan International Cooperation Agency (JICA).

The Nikon Group will continue to implement this type of initiative, as we believe that these opportunities will motivate such potential talents to hone their skills.

> Corporate Citizenship Activities

People Participating in Nikon Group Initiatives for Identifying and Cultivating Human Talent

Participants (fiscal year ended March 31, 2019)	33,064
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The Nikon Photo Contest has been held every other year since 1969. This photo, "Greeting to the Sun," was awarded the Nikon 100th Anniversary Prize in the 2016–2017 Nikon Photo Contest.



Under the "Be a Photographer" activity, photo review sessions (open-style photo evaluation workshops) are held for young photographers aged 35 or under who are interested in having their work exhibited at the Nikon Salon.



The Nikon-JICA Scholarship started a new initiative to support the Japanese Language Department at Savannakhet University in Laos. A signing ceremony for the project, attended by representatives of Savannakhet University, JICA and Nikon, was held in November 2018.

Sustainable Community Well-being



Committed to helping local communities to become better places to live, and to sustain this over the long term, the Nikon Group implements activities that contribute to the well-being of local people.

Working in collaboration with local organizations such as Sunrise Day Camp in Long Island, New York State, three Group companies based in the USA—Nikon Inc., Nikon Instruments Inc. and Nikon Americas Inc.—are continuing to undertake activities to support children who are struggling with illness, and their family members. In India, Nikon India Private Limited has been providing living support for 40 children orphaned due to the death of their parents or the abandonment, through SOS Children's Villages.

Optos Plc (based in the UK) holds office charity lunch events every year in its UK and USA offices; all of the proceeds from food sales at these events are donated to local charities.



Sunrise Day Camp activities aim to support children who are struggling with cancer. Employees of three USA-based Group companies have been collaborating on the holding of charity events, and volunteering to help Sunrise Day Camp by cleaning up the camp-sites used for its activities.



In India, Nikon India Private Limited has been joining in with the activities of SOS Children's Villages, an NGO which provides support for children who have been orphaned. Nikon India Private Limited covered the cost of food, clothing, accommodation and schooling for 40 orphaned children in the fiscal year ended March 31, 2019.



For the charity events organized by Optos Plc (based in the UK), teams of employees bring in home-made dishes. The revenue from donations and food sales at these events is donated to local charities.

> Corporate Citizenship Activities

Leveraging Nikon's Technology to Explore New Solutions



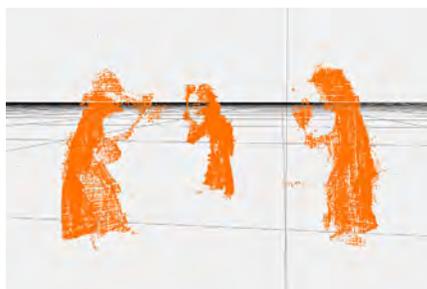
Nikon is working together with some different organizations to explore ways in which Nikon's technology can be used to help resolve social issues.

Nikon and the Nature Conservation Society of Japan are collaborating on the development of technology for extracting only images that show animals from the huge quantities of image data collected in the AKAYA Project wild animal monitoring survey. In the past, looking through these tens of thousands of images by eye has been very labor-intensive; this joint project aims to substantially reduce the time and effort needed to identify the required images by the development of image recognition technology using deep learning. This technology will enable to use more sensor cameras for monitoring and to allocate more time for analysis of wild animal behavior, thereby helping to develop more scientific methods for surveying the natural environment. Nikon has also been collaborating with Tateito-yokoito llc. to investigate the potential for providing ongoing support for the preservation of folk performing arts by effectively using 3D data archives. Video recording has been widely used to safeguard the many different folk performing arts that form part of Japan's intangible cultural heritage. However, there have been difficulties with conventional recording methods that they did not always record the most important data. By leveraging the 3D data captured using the three-dimensional spatial data acquisition technology and posture analysis technology developed by Nikon, it is possible to change the angle of view and perspective of the outputted data at will. Nikon believes that this type of 3D data is applicable to a wide range of different purposes, and since 2017 Nikon has been repeating a series of verification tests using data archives

which record folk performing arts presentations, etc. In March 2019, Nikon presented a paper on this new technology at a meeting of the Japan Society for Digital Archive.



A meeting held in March 2019, attended by members of the R&D team at Nikon's Imaging Business Unit and representatives of the Nature Conservation Society of Japan. Nikon is continuing to develop new applications that meet practical needs.



With Nikon's motion capture system, a single or a few distance-mapping camera(s) can be used to capture 3D data. These data can be used for many different purposes, including record preservation, publicity, passing on folk performing arts to next generations, etc.

Assistance for Reconstruction

As a good corporate citizen the Nikon Group provides emergency aid for large scale natural disasters and continues to support reconstruction activities for the Great East Japan Earthquake of 2011.

In the fiscal year ended March 31, 2019, the Nikon Group offered emergency support, including monetary donations, for areas affected by natural disasters, such as the torrential rains in western Japan in July 2018, and the severe floods in Kerala State in southern India in August 2018.

Within Japan, the Nikon Group has been providing support for reconstruction in the areas affected by the Great East Japan Earthquake on an ongoing basis since 2012, including support for the Coastal Forest Regeneration Project in Natori City, Miyagi Prefecture.

In addition, every year since 2015 Nikon has held the market of Tohoku local specialties, an activity which enables Nikon employees to participate in providing support for reconstruction in the Tohoku region without having to travel to the region.



The Coastal Forest Restoration Project is a 10-year project to restore coastal forest that was destroyed by the tsunami that accompanied the Great East Japan Earthquake of 2011. Nikon provides annual donations to support the Project, and employees of the Nikon Group companies within Japan participate in related volunteer activities.

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The Tohoku local specialties market, held in a shared space within the office building where Nikon's head office is located, hosts antenna shops from Iwate Prefecture, Miyagi Prefecture and Fukushima Prefecture. Many Nikon employees purchase Tohoku specialties at the market.

Column

Photo Book Project for Junior High School Students

Within Japan, the Nikon Group has been participating actively in various activities aimed at providing support for reconstruction efforts since immediately after the Great East Japan Earthquake of 2011. Following the announcement of Nikon's vision of "Reconstruction support through the power of photography" in November 2011, Nikon has provided ongoing support for reconstruction work, with Nikon Plaza Sendai and the Photo Book Project for Junior High School Students playing a central role.

Nikon Plaza Sendai was a reconstruction support activity center that was in operation over a five-year period between February 2012 and March 2017. During this period, Nikon Plaza Sendai hosted a total of 276 photography exhibitions and special events, and provided support for the activities of photographers and NPOs in the Tohoku region. In the fiscal year ended March 31, 2019, Nikon brought to an end the Photo Book Project for Junior High School Students, which had provided support, over an eight-year period, for junior high school students living in areas affected by the Great East Japan Earthquake of 2011. The Photo Book Project for Junior High School Students was launched with the aim of offering assistance so that children could find the strength to keep moving forwards towards a better tomorrow, by providing them with cameras and giving them the opportunity to share their thoughts and feelings through the medium of photography. Initially launched at three schools in Iwate Prefecture in the fiscal year ended March 31, 2012, in the following year the scope of the Project was expanded to include 47 schools in Iwate Prefecture, Miyagi Prefecture and Fukushima Prefecture, with around 3,200 junior high school students taking part in the Project. Implementation of the Project was integrated with junior high schools' Integrated Studies and Art classes, and individual students had the opportunity to create photographic works by themselves. Besides donating compact digital cameras to the participating schools, Nikon also provided support to help the students create their works, for example by arranging classes on how to use a camera effectively. The photographic works created by the students through this Project were exhibited at cultural festivals at schools, etc., and towards the end of each school year the photos taken by school students were collected together at each school to create a Photo Book. In the fiscal year ended March 31, 2019, a total of 18 Photo Books were created for the 22 schools taking part in the Project.

Over the eight-year Project implementation period, a total of 255 Photo Books were created. So that the participating students could have a record of their work near at hand, Nikon arranged to have the Photo Books printed and distributed to the individual schools. In all, a total of around 18,000 copies have been printed and distributed. Each Photo Book embodies the events of that year and the thoughts and feelings of that year's students. During the first few years of Project implementation, the students' photos were generally images of everyday scenes that reflected their hopes for reconstruction, and for a brighter future. However, over the last few years there has been an increase in the number of works that reflect how much the students enjoy their school life, and that embody their strong sense of attachment to their hometowns. Seeing these changes in the works that students were creating, Nikon decided that, as a reconstruction support activity, the Project had already achieved its goal of helping children move forwards towards a brighter future, and the Photo Book Project for Junior High School Students therefore came to an end in the fiscal year ended March 31, 2019. "I personally feel that the Photo Book Project for Junior High School Students is a wonderful initiative, because it has helped the participating children to retain memories of their time in junior high school, which, although it is only three years and accounts for a relatively small fraction of a human life, is also the period in which children are laying the foundations for their development as adult human beings. I also feel that, as a reconstruction support initiative, the Project has succeeded in filling a hole in children's hearts. I am very grateful to Nikon for having implemented this Project."

This message was received from a teacher at one of the schools that participated in the Project, after learning that the Project was coming to an end. We at the Nikon Group sincerely hope that, in the future, the junior high school students who have taken part in the Project over the years will be able to make a contribution towards building the future of the Tohoku region, and of Japan as a whole.



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Nikon Group's Main Environmental Impacts

INPUT		Fiscal Year Ended March 31, 2018			Fiscal Year Ended March 31, 2019			Unit
		Nikon (I)	Group companies in Japan (II, III)	Group manufacturing companies outside Japan (IV)	Nikon (I)	Group companies in Japan (II, III)	Group manufacturing companies outside Japan (IV)	
Energy, etc.★	Electricity	163,093	96,825	137,786	158,709	105,229	122,819	MWh
	City gas	4,202	1,136	38	3,972	1,251	76	thousand Nm ³
	Liquefied petroleum gas (LPG)	464	2,174	222	330	2,141	234	t
	Compressed natural gas (CNG)	0	0	45	0	0	44	thousand m ³
	Other fuels* ¹	205	1,032	796	206	977	848	kL
	Cold water / Steam	7,944	0	0	8,790	0	0	thousand MJ
Water★	Water	1,774	1,184	978	1,868	1,223	1,131	thousand m ³
PRTR substances* ²	Volume handled		72	—		57	—	t

OUTPUT		Fiscal Year Ended March 31, 2018			Fiscal Year Ended March 31, 2019			Unit
		Nikon (I)	Group companies in Japan (II, III)	Group manufacturing companies outside Japan (IV)	Nikon (I)	Group companies in Japan (II, III)	Group manufacturing companies outside Japan (IV)	
CO ₂ emissions★	Electricity	79,420	46,266	72,516	75,111	50,490	62,659	t- CO ₂
	City gas	9,431	2,550	82	8,913	2,808	159	t- CO ₂
	Liquefied petroleum gas (LPG)	1,390	6,520	664	989	6,421	702	t- CO ₂
	Compressed natural gas (CNG)	0	0	99	0	0	99	t- CO ₂
	Other fuels	545	2,754	2,083	547	2,605	2,215	t- CO ₂
	Cold water / Steam	453	0	0	501	0	0	t- CO ₂
Water★	Water	1,375	1,051	725	1,397	1,150	908	thousand m ³
PRTR substances* ²	Emissions		53	—		40	—	Kg
Wastes, etc.	Amount generated★	2,639	3,720	2,515	2,363	3,115	2,975	t
	Amount of final landfill disposal	2	1	—	2	20	—	t

*1 Calculated as crude oil equivalent.

*2 Group companies in Japan refer to Group manufacturing companies in Japan.

★: Values assured by the third party (fiscal year ended March 31, 2019).

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[>Data Index](#) [>Independent Practitioner's Assurance](#) [>GRI Content Index](#)**CO₂ Emissions List Breakdown by Scope and Category**(Unit: t-CO₂)

Scope / Category	Scope of application		CO ₂ emissions		
			'17/3	'18/3	'19/3
Scope 1	Nikon Group companies in Japan Group manufacturing companies outside Japan	CO ₂ emissions from energy consumption★	28,446	26,117	25,457
	Nikon Group companies in Japan Group manufacturing companies outside Japan	CO ₂ emissions from non-energy consumption and other greenhouse gas emissions	7,371	7,105	8,558
Scope 2★	Nikon Group companies in Japan Group manufacturing companies outside Japan	Market-based criteria	192,078	198,558	188,761
		Location-based criteria	212,743	206,038	198,244
Scope 3 (individual categories within Scope 3 listed below)					
1. Purchased goods and services	Imaging Products Business and Precision Equipment Business		998,535	745,127	798,990
2. Capital goods	The entire Nikon Group		92,055	97,598	74,321
3. Fuel- and energy-related activities not included in Scope 1 and 2	Nikon Group companies in Japan Group manufacturing companies outside Japan		17,468	16,963	18,379
4. Upstream transportation and distribution	The entire Nikon Group		82,003	50,065	58,560
5. Waste generated in operations	Nikon (excluding the headquarters) Group manufacturing companies in Japan Group manufacturing companies outside Japan		2,905	2,267	831
6. Business travel	The entire Nikon Group		29,726	29,179	34,668
7. Employee commuting	The entire Nikon Group		15,709	11,064	9,900
8. Upstream leased assets (included in Scope 2)	Calculation included in Scope 2		—	—	—
9. Downstream transportation and distribution	Excluded (because the amount is very small)		—	—	—
10. Processing of sold products (excluded)	Excluded (because the amount is very small)		—	—	—
11. Use of sold products★	Imaging Products Business and Precision Equipment Business		302,484	228,378	219,592
12. End-of-life treatment of sold products	Imaging Products Business and Precision Equipment Business		5,129	4,223	3,612
13. Leased assets (downstream) (excluded)	Excluded (because the amount is very small)		—	—	—
14. Franchises (out of scope)	Out of scope		—	—	—
15. Investments (out of scope)	Out of scope		—	—	—

* Scope 2

For the calculation of CO₂ emissions according to market-based criteria, the CO₂ conversion factors given in the note to "Changes in CO₂ emissions from energy consumption" on P62 were used. For the calculation of CO₂ emissions according to location-based criteria, partially different conversion factors have been used. For Japan's electric power, the alternative value taken from the "List of Emissions Factors by Electric Power Utility" specified in the Act on Promotion of Global Warming Countermeasures is used. For UK and US electric power, the IEA's conversion factor for each country is used.

★: Values assured by the third party (fiscal year ended 31, 2019).

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	'14/3	'15/3	'16/3	'17/3	'18/3	'19/3	Unit
Nikon Group in Japan	167	164	161	155	149	148	thousand t-CO ₂
Group manufacturing companies outside Japan	72	79	74	65	75	66	thousand t-CO ₂
Emissions per unit of sales	0.24	0.28	0.28	0.29	0.31	0.30	t-CO ₂ /million yen

* The following values were used for CO₂ emission factors.

Electric power:

Japan: The CO₂ emission factors without adjustment for each electric power utility noted in the "List of Basic Emissions Factors by Electric Power Utility" specified in the Act on Promotion of Global Warming Countermeasures.

UK: Residual mix

US: NERC regional residual mix

Other countries outside Japan: Individual country factor in International Energy Agency (IEA) factors.

However, no conversion factor for Laos, so Thailand factor used.

City gas:

Japan: The gas company eigenvalues noted in the guidance document for Periodic Report pursuant to the Act on the Rational Use of Energy (Energy Conservation Act) were multiplied by the values given in Appended Table 2 of the "List of Calculation Methods and Emissions Factors for Calculation, Reporting and Announcement Systems" specified in the Act on Promotion of Global Warming Countermeasures, and by 44/12.

UK: Factors from the Report on Greenhouse Gases

Other countries outside Japan: Same value as a typical Japanese gas company

Heat and other fuels: The factors noted in the "List of Calculation Methods and Emissions Factors for Calculation, Reporting and Announcement Systems" specified in the Act on Promotion of Global Warming Countermeasures.

★: Values assured by the third party (fiscal year ended March 31, 2019).

CO₂ Emissions at Other Group Companies Part of the Nikon Eco Program (57 Companies)

	Fiscal Year Ended March 31, 2019	Unit
Scope1	4	thousand t-CO ₂
Scope2	6	thousand t-CO ₂

Energy Consumption by Nikon Group★

	'14/3	'15/3	'16/3	'17/3	'18/3	'19/3	Unit
Nikon Group in Japan	3,046	2,989	3,041	2,967	2,967	2,994	TJ
Group manufacturing companies outside Japan	1,237	1,294	1,260	1,190	1,419	1,274	TJ
Emissions per unit of sales	4.37	4.99	5.11	5.55	6.12	6.02	GJ / million yen

* The following values were used for calorific-value conversion factors.

Electric power: The factors given in the guidance document for Periodic Report pursuant to the Act on the Rational Use of Energy (Energy Conservation Act).

City gas: Japan: The gas company eigenvalues noted in the guidance document for Periodic Report pursuant to the Act on the Rational Use of Energy (Energy Conservation Act).

UK: Values are calculated from the factors on the Report on Greenhouse Gases

Other countries outside Japan: Same value as a typical Japanese gas company

Heat and other fuels: The factors given in the guidance document for Periodic Report pursuant to the Act on the Rational Use of Energy (Energy Conservation Act).

★: Values assured by the third party (fiscal year ended March 31, 2019).

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[>Data Index](#) [>Independent Practitioner's Assurance](#) [>GRI Content Index](#)**Breakdown of Greenhouse Gas Emissions**

	Fiscal Year Ended March 31, 2019								Unit
	Non-energy-derived CO ₂ emissions	CH ₄	N ₂ O	HFCs	PFCs	SF ₆	NF ₃	Total	
Nikon Group in Japan★	3.2	91.1	48.9	7,973.6	0	18.8	0	8,135.7	t-CO ₂
	0.04	1.12	0.60	98.01	0	0.23	0	100	%
Group manufacturing companies outside Japan	1.0	154.0	246.2	21.6	0	0	0	422.7	t-CO ₂
	0.23	36.42	58.23	5.11	0	0	0	100	%
Total	4.2	245.1	295.1	7,995.2	0	18.8	0	8,558.4	t-CO ₂
	0.05	2.86	3.45	93.42	0	0.22	0	100	%

* Group manufacturing companies outside Japan include only those from Thailand, Laos and China

★: Values assured by the third party.

CO₂ Emissions Reduction through the Use of Renewable Energy

	'14/3	'15/3	'16/3	'17/3	'18/3	'19/3	Unit
Solar power	87.84	78.26	78.15	71.34	86.72	82.36	t-CO ₂
Green Power Certificate	25.07	25.36	19.99	16.77	—	—	t-CO ₂
Green Heat Certificate	—	—	—	—	96.12	1,153.50	t-CO ₂

* CO₂ emissions factors including the Basic Emissions Factors by Electric Power Utility, the country factors defined by International Energy Agency (IEA), and those used in "List of Calculation Methods and Emissions Factors for Calculation, Reporting and Announcement Systems" specified in the Act on Promotion of Global Warming Countermeasures, have been used in calculating the effects of CO₂ reductions.**CO₂ Emissions from Distribution in Japan, International Shipment and Distribution outside Japan**

	'14/3	'15/3	'16/3	'17/3	'18/3	'19/3	Unit
CO ₂ emissions in distribution	142	102	91	82	50	59	thousand t-CO ₂
CO ₂ per ton-kilometer	0.59	0.56	0.53	0.5	0.46	0.5	Kg

Sales Trends of Refurbished Semiconductor Lithography Systems (For IC)

	'14/3	'15/3	'16/3	'17/3	'18/3	'19/3	Unit
Units sold	3	13	21	10	13	20	Unit
Percentage of total units sold	20	32.5	60	29.4	43.3	48.8	%
Cumulative total	314	327	348	358	371	391	Unit

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Amount of Waste (Waste plus Resources with Economic Value) Generated by Nikon and Group Companies in Japan★

(Unit: tons)

	'14/3	'15/3	'16/3	'17/3	'18/3	'19/3
Waste	3,796	4,724	5,145	4,992	5,149	4,034
Resources with economic value	1,696	1,522	1,520	1,374	1,210	1,444
Total	5,492	6,246	6,665	6,366	6,360	5,478

★: Values assured by the third party (fiscal year ended March 31, 2019).

Water Use by Nikon Group★

(Unit: thousand m³)

	'17/3	'18/3	'19/3
Nikon Group in Japan	2,746	2,958	3,091
Group manufacturing companies outside Japan	1,075	978	1,131
Total	3,820	3,936	4,222

★: Values assured by the third party (fiscal year ended March 31, 2019).

Volatile Organic Compounds (VOCs) Emissions

(Unit: tons)

	'14/3	'19/3
Nikon Group in Japan★	149	142
Group manufacturing companies outside Japan	—	475

★: Values assured by the third party (fiscal year ended March 31, 2019).

Nikon Group Environmental Partner Certification

(Unit: companies [cumulative total])

	'14/3	'15/3	'16/3	'17/3	'18/3	'19/3
Environmental Partner Certification	172	258	347	407	450	476

PRTR Survey Results for Nikon and Group Manufacturing Companies in Japan

(Unit: tons)

		'13/3	'14/3	'15/3	'16/3	'17/3	'18/3	'19/3
Amount released	Air	70	63	56	64	47	35	40
	Public water	0	0	0	0	0	0	0
	Amount in on-site landfill	0	0	0	0	0	0	0
	Soil	0	0	0	0	0	0	0
Amount transferred	Sewage	0	0	0	0	0	0	0
	Waste	21	19	20	10	18	19	16

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Data Index **Strengthening CSR Foundation**

Transactional Amount Ratio with Major Procurement Partners by Country (As of the Fiscal Year Ended March 31, 2019)

(Unit: %)

		Ratio of Procurement Partners	Ratio of Procurement Cost
Consumer product		23	55
Country / Region	Japan	41	34
	China	26	33
	Thailand	27	23
	Other countries	6	10
Other than consumer product		77	45
Country / Region	Japan	95	92
	China	3	3
	Other countries	2	5

Procurement Partner Survey on CSR

	'16/3	'17/3	'18/3	'19/3	Unit
Participation in briefings	897	690	671*	516	Companies
CSR survey implementation	207	214	209	208	Companies
Response rate	100	100	100	100	%
CSR audit implementation	3	3	3	4	Companies
Improvement plan requests	13	13	13	14	Companies

* Including e-learning for procurement partners.

Conflict Minerals Reasonable Country of Origin Inquiry (As of May 31, 2019)

	2014	2015	2016	2017	2018	Unit
Target	1,015	1,027	740	771	713	Companies
Response rate	99.9	100	99	85.7	86	%
RMAP conformant smelters	129	227	257	252	252	
Non-RMAP conformant smelters	92	89	103	139	59	

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(Unit: days)

		Number of training days on average
Nikon	Managers	1.7
	Non-managers	2.3
	Men	2.1
	Women	3.0

Results of Employee Training at Nikon (Second- and Third-Year Training)

	'16/3		'17/3		'18/3		'19/3	
	Participants	Participation rate (%)						
Second-year training	109	99	63	100	75	100	70	100
Third-year training	146	89	104	97	58	94	72	99

* Target participant rate: 100% (each fiscal year and each training)

Employee Composition

(Unit: persons)

	'15/3	'16/3	'17/3	'18/3	'19/3
Total	25,415	25,729	25,031	21,029	20,917
Nikon	5,672	5,564	5,090	4,444	4,398
Japan (including Nikon)	10,035	9,870	9,835	8,725	8,830
Europe	1,626	2,011	2,040	2,017	1,863
Americas	1,198	1,103	1,010	989	963
Asia/Oceania	12,556	12,745	12,146	9,298	9,261

* Consolidated figures include permanent employees and non-regular staff of the Nikon Group and executive officers of the Group companies. For regional figures, employees of Nikon who are seconded to the affiliates are counted as those of the affiliates. Employees of Nikon Metrology NV and its subsidiaries are included in the figures for Europe.

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(Unit: %)

		Senior Managers	Managers other than senior	Permanent employees	Part-time and temporary employees	Total
Gender	Men	100	95	86	75	87
	Women	0	5	14	25	13
Age	Under the age of 30	0	0	11	2	9
	Between the age of 30 and 49	0	29	56	46	53
	Over the age of 50	100	71	33	52	38

Proportion of Management Hired from the Local Community

(As of May 31, 2019)

(Unit: %)

		Senior Managers	Managers other than senior
Group companies in Europe	Men	71	94
	Women	100	99
Group companies in the Americas	Men	46	73
	Women	—	100
Group companies in Asia/Oceania	Men	15	86
	Women	100	96

* Consolidated figures include permanent employees and non-regular staff of the Nikon Group and executive officers of the Group companies. For regional figures, employees of Nikon who are seconded to the affiliates are counted as those of the affiliates. Employees of Nikon Metrology NV and its subsidiaries are included in the figures for Europe.

* Group companies in Asia/Oceania exclude Nikon Imaging (China) Co., Ltd.

Number of New Hires

(Unit: persons)

		'18/3		'19/3	
		By gender	Total	By gender	Total
Nikon	Men	95	124	116	156
	Women	29		40	
Group companies in Japan	Men	65	86	72	88
	Women	21		16	
Group companies in Europe	Men	172	265	178	260
	Women	93		82	
Group companies in the Americas	Men	50	91	76	99
	Women	41		23	
Group companies in Asia/Oceania	Men	124	621	192	674
	Women	497		482	

* Permanent employees and non-regular staff of the Nikon Group (consolidated).

* Group companies in Asia/Oceania exclude Nikon Imaging (China) Co., Ltd.

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[>Data Index](#) [>Independent Practitioner's Assurance](#) [>GRI Content Index](#)**Average Age**

(Unit: years old)

		'15/3	'16/3	'17/3	'18/3	'19/3
Men	Nikon	44.3	45.5	45.9	45.2	45.8
	Group companies in Japan	42.9	43.4	42.4	43.8	44.4
	Group companies in Europe				44.4	44.2
	Group companies in the Americas	37.4	38.8	39.0	47.5	46.5
	Group companies in Asia/Oceania				36.3	36.4
Women	Nikon	39.0	40.2	40.7	40.0	40.5
	Group companies in Japan	44.0	44.2	44.3	44.5	42.6
	Group companies in Europe				41.8	41.5
	Group companies in the Americas	32.0	32.6	33.9	46.0	45.7
	Group companies in Asia/Oceania				34.4	34.6

* Permanent employees and non-regular staff of the Nikon Group (consolidated). Employees who were seconded to affiliates are counted as those of their original companies.

* The fiscal year ended March 31, 2018 and 2019, the Group companies in Asia/Oceania exclude Nikon Imaging (China) Co., Ltd.

Age Group (As of May 31, 2019)

(Unit: persons)

	Under the age of 30	Between the age of 30 and 49	Over the age of 50
Nikon	411	2,328	1,659
Group companies in Japan	254	2,422	1,584
Group companies in Europe	547	929	387
Group companies in the Americas	73	508	382
Group companies in Asia/Oceania	1,926	7,138	197

* Consolidated figures include permanent employees and non-regular staff of the Nikon Group and executive officers of the Group companies. For regional figures, employees of Nikon who are seconded to the affiliates are counted as those of the affiliates. Employees of Nikon Metrology NV and its subsidiaries are included in the figures for Europe.

* Group companies in Asia/Oceania exclude Nikon Imaging (China) Co., Ltd.

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(Unit: years)

		'15/3	'16/3	'17/3	'18/3	'19/3
Men	Nikon	20.3	20.5	20.8	19.7	20.0
	Group companies in Japan	15.9	16.4	16.0	16.4	17.3
	Group companies in Europe				9.2	8.9
	Group companies in the Americas	8.9	9.1	9.5	13.6	13.3
	Group companies in Asia/Oceania				10.4	10.6
Women	Nikon	15.1	15.5	15.9	14.9	15.1
	Group companies in Japan	17.3	18.1	17.2	17.7	18.7
	Group companies in Europe				7.8	7.0
	Group companies in the Americas	6.9	7.7	8.7	11.5	10.5
	Group companies in Asia/Oceania				10.3	10.7

* Permanent employees and non-regular staff of the Nikon Group (consolidated). Employees who were seconded to affiliates are counted as those of their original companies.

* The fiscal year ended March 31, 2018 and 2019, the Group companies in Asia/Oceania exclude Nikon Imaging (China) Co., Ltd.

Turnover

(Unit: persons)

		'15/3		'16/3		'17/3		'18/3		'19/3	
		Retirees	Others								
Men	Nikon	37	142	41	205	32	908	3	147	9	124
	Group companies in Japan	47	93	66	107	31	269	4	93	4	77
	Group companies in Europe							5	165	8	305
	Group companies in the Americas	26	304	14	320	39	465	3	68	13	59
	Group companies in Asia/Oceania							8	184	3	171
Women	Nikon	3	18	1	20	1	82	0	24	2	20
	Group companies in Japan	10	25	8	34	4	90	0	13	1	18
	Group companies in Europe							5	98	1	82
	Group companies in the Americas	14	192	13	220	5	261	2	33	7	26
	Group companies in Asia/Oceania							7	703	3	734

* Permanent employees and non-regular staff of the Nikon Group (consolidated). Employees who were seconded to affiliates are counted as those of their original companies.

* The period from the fiscal year ended March 31, 2015 to the fiscal year ended March 31, 2017 excludes Nikon (Thailand) Co., Ltd., Nikon Lao Co., Ltd., Nikon Imaging (China) Co., Ltd., Hikari Glass (Changzhou) Optics Co., Ltd. The fiscal year ended March 31, 2018 and the fiscal year ended March 31, 2019 exclude Nikon Imaging (China) Co., Ltd. only.

* The fiscal year ended March 31, 2017 includes 1,087 employees who accepted voluntary retirement.

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[>Data Index](#) [>Independent Practitioner's Assurance](#) [>GRI Content Index](#)**Ratio of Female Employees**

(Unit: %)

		'15/3	'16/3	'17/3	'18/3	'19/3
Women	Nikon	10.3	10.6	11.0	11.5	13.2
	Group companies in Japan	16.5	15.9	16.8	15.5	13.5
	Group companies in Europe				24.2	24.7
	Group companies in the Americas	66.8	66.6	65.5	29.2	25.5
	Group companies in Asia/Oceania				72.5	71.7
Nikon Group		—	—	—	40.5	41.0

* Permanent employees and non-regular staff of the Nikon Group (consolidated). From the fiscal year ended March 31, 2015 to 2018, employees who were seconded to affiliates are counted as those of their original companies. In the fiscal year ended March 31, 2019, employees seconded to affiliates are counted as those of the affiliates.

Ratio of Females in Management Positions

(Unit: %)

		'15/3	'16/3	'17/3	'18/3	'19/3		
						Total	Breakdown	
							General manager	Manager
Women	Nikon	4.1	4.7	5.7	5.8	5.1	4.1	5.3
	Group companies in Japan	2.2	2.4	3.7	2.5	3.3	1.3	4.4
	Group companies in Europe				21.6	20.1	17.4	21.0
	Group companies in the Americas	25.0	28.0	26.5	31.4	21.9	16.0	24.0
	Group companies in Asia/Oceania				29.8	21.4	6.7	28.9
Nikon Group		—	—	—	13.1	12.1	7.2	14.0

* Permanent employees and non-regular staff of the Nikon Group (consolidated). From the fiscal year ended March 31, 2015 to 2018, employees who were seconded to affiliates are counted as those of their original companies. In the fiscal year ended March 31, 2019, employees seconded to affiliates are counted as those of the affiliates.

* The fiscal year ended March 31, 2018 and 2019, the Group companies in Asia/Oceania exclude Nikon Imaging (China) Co., Ltd.

Employment of People with Disabilities under Group Certification

(Unit: %)

	'14/3	'15/3	'16/3	'17/3	'18/3
People with Disabilities under Group Certification	2.32	2.29	2.27	2.37	2.42

* The rates are as of June 1 of each year.

Number of Employees Taking Childcare Leave

(Unit: persons)

		'15/3	'16/3	'17/3	'18/3	'19/3
Nikon	Men	9	6	7	11	28
	Women	21	27	35	24	30
Group companies in Japan	Men	1	1	2	2	7
	Women	12	16	19	21	18

* Permanent employees and non-regular staff

[>Data Index](#) [>Independent Practitioner's Assurance](#) [>GRI Content Index](#)

Return-to-Work Rates after Childcare Leave

		'15/3	'16/3	'17/3	'18/3	'19/3	
		Return-to-work rate (%)	Return-to-work rate (%)	Return-to-work rate (%)	Return-to-work rate (%)	Number of employees returning to work after childcare leave (persons)	Return-to-work rate (%)
Nikon	Men	100	100	90	100	31	100
	Women				98	16	88
Group companies in Japan	Men	93	100	100	100	7	100
	Women				99	14	

* Permanent employees and non-regular staff

Retention Rates after Childcare Leave

		'18/3	'19/3	
		Retention rate (%)	Number of employees returning to work after childcare leave (persons)	Retention rate (%)
Nikon	Men	100	9	100
	Women	86	28	
Group companies in Japan	Men	100	3	100
	Women	83	22	95

* Permanent employees and non-regular staff

* The retention rate for the fiscal year ended March 31, 2018 is the proportion of employees returning to work from childcare leave in the fiscal year ended March 31, 2017 that were still with the company at least 12 months after returning to work.

* The retention rate for the fiscal year ended March 31, 2019 is the proportion of employees returning to work from childcare leave in the fiscal year ended March 31, 2018 that were still with the company at least 12 months after returning to work.

Number of Employees Taking Family Care Leave

(Unit: persons)

		'15/3	'16/3	'17/3	'18/3	'19/3
Nikon	Men	2	0	3	2	0
	Women	1	1	2	1	0
Group companies in Japan	Men	0	2	0	2	2
	Women	1	0	0	1	3

* Permanent employees and non-regular staff

Occupational Accidents at Nikon Group in Japan Attributed/Related to Work

(Unit: cases)

	Fiscal Year Ended March 31, 2017	Fiscal Year Ended March 31, 2018	Fiscal Year Ended March 31, 2019
Occupational accidents attributed/related to work	39	33	38

* Targets for the Fiscal Year Ended March 31, 2019: less than 40 and carried out activities.

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[>Data Index](#) [>Independent Practitioner's Assurance](#) [>GRI Content Index](#)**Frequency Rates of Lost Time Accidents (1 or More Days)*¹**

	'15/3	'16/3	'17/3	'18/3	'19/3
All industries in Japan (calendar year)	1.68	1.61	1.63	1.66	1.83
Manufacturing industry in Japan (calendar year)	1.06	1.06	1.15	1.02	1.20
Nikon★	0.09	0.09	0.17	0.40	0.78
Group companies in Japan★	0.73	0.34	0.67	1.07	0.65
Group companies in Europe	—	—	—	1.55	1.33
Group companies in the Americas	—	—	—	0.51	0.53
Group companies in Asia/Oceania	—	—	—	0.41	0.21

*¹ Frequency rate: The number of deaths and injuries resulting from occupational accidents per million hours worked, which is used as an index for the frequency of occupational accidents.

*Group companies in Japan include non-consolidated group companies (24 companies in the fiscal year ended March 31, 2019).

★: Values assured by the third party (fiscal year ended March 31, 2019).

Frequency Rate of Occupational Illnesses (Fiscal Year Ended March 31, 2019)

	Frequency Rate of Illnesses★	Fatalities (persons)	Seriously injured (persons)
Nikon	0.00	0	0
Group companies in Japan	0.07	0	0

* Group companies in Japan include non-consolidated group companies (24 companies in the fiscal year ended March 31, 2019).

★: Values assured by the third party.

Severity Rate of Lost Time Accidents (1 or More Days)*¹

	'15/3	'16/3	'17/3	'18/3	'19/3
All industries in Japan (calendar year)	0.09	0.07	0.1	0.09	0.09
Manufacturing industry in Japan (calendar year)	0.09	0.06	0.07	0.08	0.10
Nikon★	0.00	0.00	0.00	0.01	0.02
Group companies in Japan★	0.01	0.01	0.01	0.01	0.02
Group companies in Europe	—	—	—	0.06	0.03
Group companies in the Americas	—	—	—	0.00	0.00
Group companies in Asia/Oceania	—	—	—	0.01	0.00

*¹ Severity rate: The number of work days lost per 1,000 hours worked, which is used as an index for the severity of occupational accidents.

* 0.00 indicates a rate of less than 0.005.

* Group companies in Japan include non-consolidated companies (24 companies in the fiscal year ended March 31, 2019).

★: Values assured by the third party (fiscal year ended March 31, 2019).

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[>Data Index](#) [>Independent Practitioner's Assurance](#) [>GRI Content Index](#)**Occupational Accidents Requiring Time Off (1 or More Days) and Fatalities (Fiscal Year Ended March 2019)**

	Accidents requiring time off (persons)	Lost days (days)	Fatalities (persons)	Ratio of fatalities (%)	Ratio of seriously injured (%)
Nikon	8	169.3	0	0.00	0.00
Group companies in Japan	9	323.8	0	0.00	11.10
Group companies in Europe	5	113.4	0	0.00	0.00
Group companies in the Americas	1	0.8	0	0.00	0.00
Group companies in Asia/Oceania	4	76.4	0	0.00	0.00
Contractors	1	2.4	0	0.00	0.00

* Lost days: The number of missed work days in the past multiplied by 300/365 (rounded to the nearest whole number)

Types of Occupational Accident and Diseases, Injuries at Nikon Group in Japan (Fiscal Year Ended March 31, 2019) (Unit: persons)

Types	Number of injuries
Bruise	16
Cut wound	14
Broken bone	8
Burn	5
Back pain	3
Other injuries	11

Satisfaction of Nikon Group Employees in Their Companies (Group Employee Awareness Survey Results)

(Unit: %)

	'15/3	'16/3	'17/3	'18/3	'19/3
Satisfaction	75.1	80.1	80.0	74.6	76.4
Response rate	93.0	91.4	90.3	92.9	96.0

* The above figure was prepared based on the response to the following question: "Do you feel that the Company's policies and targets are conveyed clearly?"

* Targeted satisfaction rate: 100%

Ratio of Basic Salary and Remuneration of Women to Men

		Women : Men
Basic salary	Managers other than senior	100:102
	Permanent employees	100:120
Total Compensation Amount	Managers other than senior	100:103
	Permanent employees	100:125

* Nikon uses a wage system that adopts equal pay for men and women. Differences are accounted for based on age and rank, etc.

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(Unit: cases)

	'16/3	'17/3	'18/3	'19/3
Group companies in Japan	42	26	21	40
of which human rights-related matters (harassments, labor, etc.)	25	22	18	33
Group companies outside Japan	6	12	10	4
of which human rights-related matters (harassments, labor, etc.)	5	6	5	3

Total Compensation Amount

Category	Fixed compensation		Performance-based compensation		Stock compensation		Total	
	Fixed monthly compensation		Bonuses		Subscription rights to shares granted as stock-related compensation			
	Number of persons	Amount of compensation (million yen)	Number of persons	Amount of compensation (million yen)	Number of persons	Amount of compensation (million yen)	Number of persons	Amount of compensation (million yen)
Directors other than those who are Audit and Supervisory Committee members (of whom, external directors)	6 (1)	253 (13)	5 (—)	133 (—)	5 (—)	85 (—)	6 (1)	472 (13)
Directors who are Audit and Supervisory Committee members (of whom, external directors)	6 (3)	93 (40)	—	—	—	—	6 (3)	93 (40)
Total	12	346	5	133	5	85	12	564

* The above number of directors who are Audit and Supervisory Committee members includes one director who is an Audit and Supervisory Committee member (none of whom are external directors) who retired at the conclusion of the 154th Annual General Shareholders' Meeting held on June 28, 2018. Furthermore, the compensation for the retired director is included in the amount of compensation listed above..

* The amount of subscription rights to shares granted as stock-related compensation shown above indicates the amount of compensation, etc., concerning subscription rights to shares granted to directors other than those who are Audit and Supervisory Committee members (excluding non-executive directors) recorded as expenses during the fiscal year.

Compensation Amount for Each Director

(Unit: million yen)

Name	Total amount of compensation on a consolidated basis	Officer category	Fixed compensation	Performance-based compensation	Stock compensation
			Fixed monthly compensation	Bonuses	Subscription rights to shares granted as stock-related compensation
Kazuo Ushida	146	Director	74	44	28
Masashi Oka	130	Director	64	42	24

* Only persons with total compensation, etc., over 100 million yen are shown.

Data on Nikon's Intellectual Property

(Unit: cases)

Item	2014	2015	2016	2017	2018
Number of Japanese published patent applications	1,289	1,086	510	728	667
Number of United States patent registrations	348	250	219	224	231

Directors and Officers (As of March 31, 2019)

	Director		Officers*	Unit	
	of whom, Audit and Supervisory Committee members				
Number of persons	Internal	7	2	21	Persons
	External	4	3	—	
Ratio of women		0	0	0	%
Ratio of non-Japanese		0	0	0	%
Attendance at Meetings of the Board of Directors	Internal	100	100	—	%
	External	96	95	—	
Term of office		Less than 1 year	Less than 2 years	Less than 1 year	—

* Includes five Directors serving concurrently as Officer.

Number of Women and Non-Japanese Appointed as Nikon Group Directors / Officers and Corporate Auditors (As of March 31, 2019)

(Unit: persons)

Category	Women	Non-Japanese
Directors, officers and corporate auditors	3	28

* Local equivalent to director, officer, and corporate auditor included in the count. Cases of directors or officers serving in concurrent posts are counted as one individual.

Compensation of Representative Director & President and Average Annual Salary of Employees

	Amount	Ratio
Compensation of Representative Director & President	146,000,000 yen	1
Average annual salary of employees	8,309,901 yen	17.6

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Data Index Corporate Citizenship Activities

Expenses for Corporate Citizenship Activities (Fiscal Year Ended March 31, 2019)

		'17/3	'18/3	'19/3	Unit
Expenses		803,874	707,435	686,984	Thousand yen
Expense by Area	Environment	3.0	2.4	1.9	%
	Education	12.3	10.7	5.4	%
	Art and science	63.4	68.3	79.8	%
	Health	6.7	8.1	3.1	%
	Support for disaster-affected areas	10.5	4.8	4.1	%
	Other	4.0	5.7	5.8	%

Expenses for Corporate Citizenship Activities by Type (Fiscal Year Ended March 31, 2019)

(Unit: million yen)

	Amount
Cash donations	176
Paid employee volunteer activities (monetary value)	98
Free provision of products or services and project activity costs	389
Management expenses	24

Number of Nikon Group Employees Participating in Community Contribution Activities (Total)

(Unit: persons)

	'15/3	'16/3	'17/3	'18/3	'19/3
Participation in Corporate Citizenship Activities	2,627	4,477	3,302	3,591	3,629

Independent Practitioner's Assurance

The Nikon Group obtains independent practitioner's assurance in order to increase the reliability of reported information.

Assurance Scope

Item	Assurance scope
Promoting a low-carbon society	Scope 3 (Category 11) CO ₂ Emissions
	Breakdown of GHG emissions from Nikon and Group Manufacturing Companies in Japan
	CO ₂ Emissions from Nikon Group and Emissions per Unit of Sales
	Energy Consumption by Nikon Group, and Energy Consumption per Unit of Sales
Promoting resource circulation	Amount of Waste, etc. (Waste plus Resources with Economic Value) Generated by Nikon and Group Companies in Japan and Their Breakdown by Category
	Waste Generation at Group Manufacturing Companies Outside Japan
	Nikon Group's Water Use and Breakdown
	Nikon Group's Water Discharge and Breakdown
Contributing to a healthy and environmentally safe society	VOC Emissions from Nikon and Group Manufacturing Companies in Japan
Promoting the success of diverse employees	Frequency Rates of Lost Time Accidents and Severity Rates at Nikon and Group Companies in Japan
	Frequency Rate of Occupational Illnesses at Nikon and Group Companies in Japan

* The Nikon Group is Nikon, Group Companies in Japan and Group Manufacturing Companies outside Japan.

* In this report, those data that are the object of assurance are marked with a ★ symbol.

Scope

Results for the fiscal year ended March 31, 2019

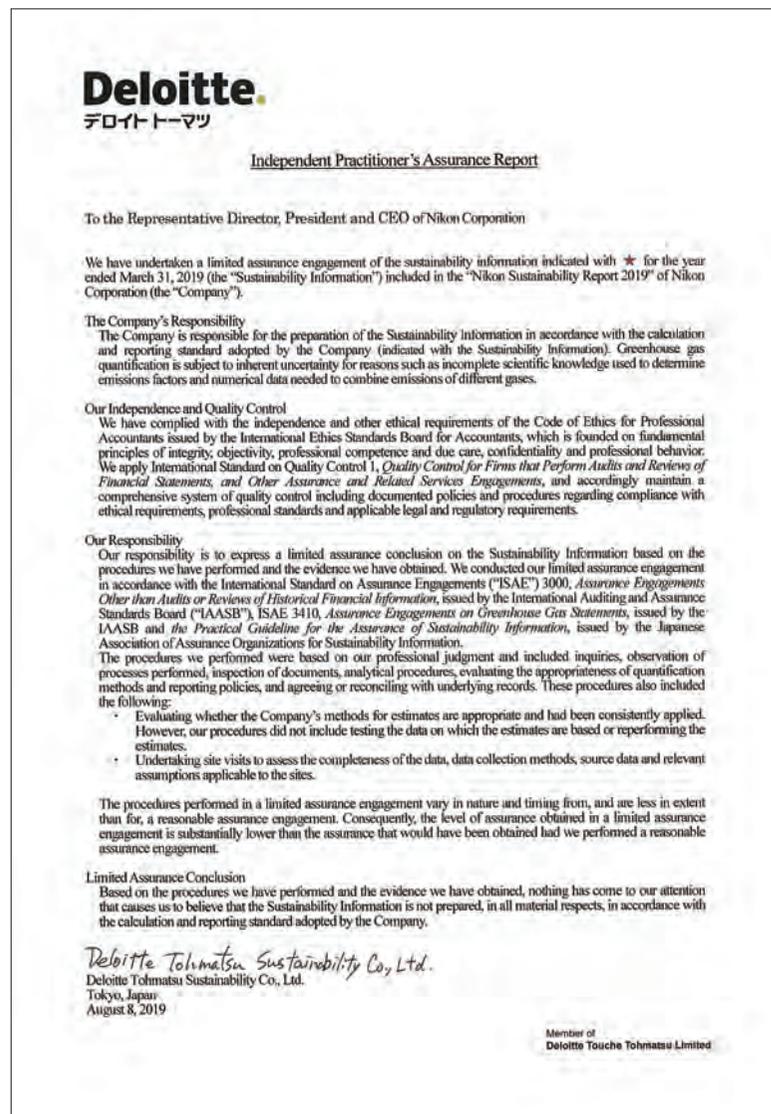
(April 1, 2018–March 31, 2019)

Boundary of In-scope Data Collection

I – IV shown in "Boundary of the Nikon Group's Environmental Management Systems and Environmental Performance Data" on P51 for environment-related data.

Nikon and 24 group companies in Japan, including non-consolidated group companies for labor-related data.

Independent Practitioner's Assurance Report



* International Standard on Assurance Engagements (ISAE) 3000 and 3410

These assurance engagement standards were developed by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). ISAE 3000 deals with "assurance engagements other than audits or reviews of historical financial information of entities," which encompass assurance engagements on environmental information and information about social aspects. ISAE 3410 determines procedures for assurance engagements concerning greenhouse gas statements based on ISAE 3000. Compliance with ISAE 3410 necessitates that the requirements of ISAE 3000 also be fulfilled.

* Inherent uncertainty

Uncertainty is inherent in the calculation of the amount of greenhouse gases. This uncertainty is unavoidable for any entity that performs the calculations, because the global warming potential values and other elements used in the calculations are based on current scientific hypotheses and errors generated by measuring equipment and other sources are inevitable. This uncertainty does not mean that the calculated values are inapplicable. The ISAE 3410 stipulates that reported information can be assured as long as the hypotheses are reasonable and sufficient disclosure is provided regarding their content.

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GRI Content Index

Nikon's "Sustainability Report 2019" was drafted in compliance with the Core option of the GRI Sustainability Reporting Standards and the report contains standard information for disclosure items.

The highlighted (■) economy, environment and social items represent the Core option requirements or GRI Standards closely tied to the Nikon Group's CSR priority issues.

GRI Guidelines		Corresponding item/page	Reference/Reasons for omission
GRI 102: General Disclosures 2016			
1	Organizational profile		
102-1	Name of the organization	Nikon Group Profile	P5
102-2	Activities, brands, products, and services	Business Domains Solving Social Issues by Using Opto-electronics Technologies	P5 P23
102-3	Location of headquarters	Nikon Group Profile	P5
102-4	Location of operations	Corporate Information > Company Profile > Nikon Group Companies	https://www.nikon.com/about/corporate/profile/group/
102-5	Ownership and legal form	Nikon Group Profile Securities Report	P5
102-6	Markets served	Nikon Group Profile Stakeholder Engagement Securities Report	P5 P10
102-7	Scale of the organization	Nikon Group Profile	P5
102-8	Information on employees and other workers	—	Promoting the Success of Diverse Employees Data Index—Strengthening CSR Foundation
102-9	Supply chain	Nikon's Supply Chain Management	P87
102-10	Significant changes to the organization and its supply chain	Securities Report	The Nikon Group's Supply Chain
102-11	Precautionary Principle or approach	Ensuring Quality and Safety Environmental Management Promotion System Risk Management	P37 P49 P127
102-12	External initiatives	Participation in International Initiatives List of Main Affiliated Organizations Related to CSR	P9 P11
102-13	Membership of associations	Participation in International Initiatives List of Main Affiliated Organizations Related to CSR	P9 P11
2	Strategy		
102-14	Statement from senior decision-maker	Message from the President	P3
102-15	Key impacts, risks, and opportunities	Message from the President Risk Management	P3 P127

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GRI Guidelines		Corresponding item/page		Reference/Reasons for omission	
3	Ethics and integrity				
102-16	Values, principles, standards, and norms of behavior	Our Philosophy/Our Vision Compliance	P5 P114		
102-17	Mechanisms for advice and concerns about ethics	Compliance	P114		
4	Governance				
102-18	Governance structure	CSR Promotion System Corporate Governance	P8 P120		
102-19	Delegating authority	CSR Promotion System Corporate Governance	P8 P120		
102-20	Executive-level responsibility for economic, environmental, and social topics	Challenging toward Innovation Improving Product and Service Quality Responding to Environmental Issues Strengthening Supply Chain Management Respecting Human Rights Promoting the Success of Diverse Employees Strengthening Compliance Ensuring Effective Governance	P27 P35 P45 P86 P96 P100 P113 P119	CSR Promotion System Product Quality Control Environmental Management System Compliance Promotion System Corporate Governance (Organization) Risk Management System	P8 P37 P49 P114 P120 P127
102-21	Consulting stakeholders on economic, environmental, and social topics	Stakeholder Engagement	P10	CSR Promotion System Engagement with Procurement Partners	P8 P88
102-22	Composition of the highest governance body and its committees	Corporate Governance Corporate Governance Guideline Directors and Officers	P120 https://www.nikon.com/about/ir/governance/organization/guideline/ https://www.nikon.com/about/corporate/profile/management/		
102-23	Chair of the highest governance body	Corporate Governance Corporate Governance Report (in Japanese)	P120		
102-24	Nominating and selecting the highest governance body	Corporate Governance	P120		
102-25	Conflicts of interest	Corporate Governance Guideline	https://www.nikon.com/about/ir/governance/organization/guideline/		
102-26	Role of highest governance body in setting purpose, values, and strategy	CSR Promotion System Corporate Governance	P8 P120		
102-27	Collective knowledge of highest governance body	Corporate Governance	P120	CSR Promotion System	P8
102-28	Evaluating the highest governance body's performance	Corporate Governance	P120		

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GRI Guidelines		Corresponding item/page		Reference/Reasons for omission	
102-29	Identifying and managing economic, environmental, and social impacts	CSR Promotion System Corporate Governance Risk Management	P8 P120 P127		
102-30	Effectiveness of risk management processes	Corporate Governance Risk Management	P120 P127		
102-31	Review of economic, environmental, and social topics	* The Risk Management Committee, whose members include internal Directors and Audit & Supervisory Committee Members convenes biannually. The CSR Committee also convenes biannually.			
102-32	Highest governance body's role in sustainability reporting	CSR Promotion System	P8		
102-33	Communicating critical concerns	Risk Management	P127		
102-34	Nature and total number of critical concerns	—			* Not disclosed because it is confidential information.
102-35	Remuneration policies	Compensation of Directors and Officers	P124		
102-36	Process for determining remuneration	Compensation of Directors and Officers	P124		
102-37	Stakeholders' involvement in remuneration	* Article 26, Chapter 4 of Nikon's Articles of Incorporation state, "The compensation, bonuses and other financial benefits received from the Company as consideration for the execution of the duties of Directors shall be determined by resolution of the General Shareholders' Meeting, while making distinction between Directors who are Audit and Supervisory Committee Members and other Directors."			
102-38	Annual total compensation ratio	Securities Report			
102-39	Percentage increase in annual total compensation ratio	—			Securities Report
5	Stakeholder engagement				
102-40	List of stakeholder groups	Stakeholder Engagement	P10		
102-41	Collective bargaining agreements	Labor Relations	P99		
102-42	Identifying and selecting stakeholders	Stakeholder Engagement	P10		
102-43	Approach to stakeholder engagement	Stakeholder Engagement	P10		
102-44	Key topics and concerns raised	Two-Way Communication with Shareholders and Investors (Column)	P11		
6	Reporting practice				
102-45	Entities included in the consolidated financial statements	Securities Report			
102-46	Defining report content and topic Boundaries	* Departments in charge and CSR departments determine which items to disclose of the GRI Standards from the standpoint of both requests from society and importance for Nikon.		About Sustainability Report 2019 CSR Priority Issues	P2 P13
102-47	List of material topics	CSR Priority Issues	P13		

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GRI Guidelines		Corresponding item/page		Reference/Reasons for omission	
200	Economic				
GRI 201: Economic Performance 2016					
201-1	Direct economic value generated and distributed	Nikon Group Profile Securities Report	P5		
201-2	Financial implications and other risks and opportunities due to climate change	Nikon Environmental Management (Environment-related Risk Management)	P46 (P51)	* Financial figures are omitted due to confidentiality restrictions.	
201-3	Defined benefit plan obligations and other retirement plans	Securities Report			
201-4	Financial assistance received from government	—			
GRI 202: Market Presence 2016					
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	—		Ratio of Basic Salary and Remuneration of Women to Men * Scope: Nikon Corporation	P152
202-2	Proportion of senior management hired from the local community	Data Index—Strengthening CSR Foundation	P146		
GRI 203: Indirect Economic Impacts 2016					
203-1	Infrastructure investments and services supported	Corporate Citizenship Activities Corporate Citizenship Activities (website)	P133 https://www.nikon.com/about/sustainability/citizenship/		
203-2	Significant indirect economic impacts	Corporate Citizenship Activities Corporate Citizenship Activities for Environment Data Index—Corporate Citizenship Activities Corporate Citizenship Activities (website)	P133 P85 P154 https://www.nikon.com/about/sustainability/citizenship/		
GRI 204: Procurement Practices 2016					
204-1	Proportion of spending on local suppliers	—		Nikon's Supply Chain Management	P87
GRI 205: Anti-corruption 2016					
205-1	Operations assessed for risks related to corruption	Efforts to Prevent Bribery	P116		
205-2	Communication and training about anti-corruption policies and procedures	Promoting CSR Procurement Efforts to Prevent Bribery	P90 P116	Participation in International Initiatives	P9
205-3	Confirmed incidents of corruption and actions taken	Efforts to Prevent Bribery * Not applicable	P116		

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GRI Guidelines		Corresponding item/page		Reference/Reasons for omission	
GRI 206: Anti-competitive Behavior 2016					
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Efforts to Prevent Competition Law Violations * Not applicable	P117		
300 Environmental					
GRI 301: Materials 2016					
301-1	Materials used by weight or volume	—			
301-2	Recycled input materials used	—		Promoting Resource Circulation	P68
301-3	Reclaimed products and their packaging materials	—		Promoting Resource Circulation	P68
GRI 302: Energy 2016					
302-1	Energy consumption within the organization	The Nikon Group's Main Environmental Impacts Promoting a Low-carbon Society Data Index—Responding to Environmental Issues	P55 P60 P139		
302-2	Energy consumption outside of the organization	—		Promoting a Low-carbon Society	P60
302-3	Energy intensity	Nikon Environmental Management Data Index—Responding to Environmental Issues	P46 P139		
302-4	Reduction of energy consumption	Nikon Environmental Management Data Index—Responding to Environmental Issues	P46 P139		
302-5	Reductions in energy requirements of products and services	Nikon Environmental Management Data Index—Responding to Environmental Issues	P46 P139	Eco-friendly Products Development	P56
GRI 303: Water and Effluents 2018					
303-1	Interactions with water as a shared resource	Protection of Water Resources	P74		
303-2	Management of water discharge-related impacts	—			
303-3	Water withdrawal	Protection of Water Resources	P74		
303-4	Water discharge	Protection of Water Resources	P74		
303-5	Water consumption	Protection of Water Resources	P74		
GRI 304: Biodiversity 2016					
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	—			
304-2	Significant impacts of activities, products, and services on biodiversity	Protection of Water Resources Contributing to a Healthy and Environmentally Safe Society	P74 P76	Approach to Biodiversity	P82

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GRI Guidelines		Corresponding item/page		Reference/Reasons for omission	
304-3	Habitats protected or restored	Initiatives for Biodiversity Conservation Corporate Citizenship Activities for Environment	P83 P85	Approach to Biodiversity	P82
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	—			
GRI 305: Emissions 2016					
305-1	Direct (Scope1) GHG emissions	Promoting a Low-carbon Society Data Index—Responding to Environmental Issues	P60 P139	* There are no CO ₂ emissions of biological origin.	
305-2	Energy indirect (Scope 2) GHG emissions	Promoting a Low-carbon Society Data Index—Responding to Environmental Issues	P60 P139		
305-3	Other indirect (Scope3) GHG emissions	Promoting a Low-carbon Society Data Index—Responding to Environmental Issues	P60 P139		
305-4	GHG emissions intensity	Promoting a Low-carbon Society Data Index—Responding to Environmental Issues	P60 P139		
305-5	Reduction of GHG emissions	Promoting a Low-carbon Society Data Index—Responding to Environmental Issues	P60 P139		
305-6	Emissions of ozone-depleting substances (ODS)	Abolition of All Ozone-layer-depleting Substances	P77		
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	The Nikon Group's PRTR and VOCs Data Index—Responding to Environmental Issues Environmental Data by Business Facility and Manufacturing Company (in Japanese)	P81 P139 https://www.nikon.co.jp/sustainability/environment/data		
GRI 306: Effluents and Waste 2016					
306-1	Water discharge by quality and destination	Protection of Water Resources Data Index—Responding to Environmental Issues	P74 P139		
306-2	Waste by type and disposal method	Promoting Resource Circulation Data Index—Responding to Environmental Issues	P68 P139	Contributing to a Healthy and Environmentally Safe Society	P76
306-3	Significant spills	* Not applicable Environmental Management System Prevention of Air, Water and Soil Pollution	P49 P81		
306-4	Transport of hazardous waste	* Nikon neither imports nor exports hazardous wastes designated under the Basel Convention Annexes I, II, III and VII.			
306-5	Water bodies affected by water discharges and/or runoff	* Not applicable Nikon's Water Risk	P74		
GRI 307: Environmental Compliance 2016					
307-1	Non-compliance with environmental laws and regulations	* Not applicable Environmental Management System	P49		

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GRI Guidelines		Corresponding item/page		Reference/Reasons for omission	
GRI 308: Supplier Environmental Assessment 2016					
308-1	New suppliers that were screened using environmental criteria			Promoting Green Procurement * Percentage not calculated	P78
308-2	Negative environmental impacts in the supply chain and actions taken	Promoting Green Procurement	P78		
400 Social					
GRI 401: Employment 2016					
401-1	New employee hires and employee turnover	Data Index–Strengthening CSR Foundation	P146		
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	–		Supporting Diverse Work Styles	P108
401-3	Parental leave	Supporting Balance Care for Children and Other Family Members Data Index–Strengthening CSR Foundation	P109 P149		
GRI 402: Labor/Management Relations 2016					
402-1	Minimum notice periods regarding operational changes	–		Labor Relations	P99
GRI 403: Occupational Health and Safety 2018					
403-1	Occupational health and safety management system	Employees' Health and Safety	P110		
403-2	Hazard identification, risk assessment, and incident investigation	Employees' Health and Safety	P110		
403-3	Occupational health services	Employees' Health and Safety	P110		
403-4	Worker participation, consultation, and communication on occupational health and safety	–		Labor Relations	P99
403-5	Worker training on occupational health and safety	Raising Health and Safety Management Standards	P110		
403-6	Promotion of worker health	–		Mental Health Care	P112
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Raising Health and Safety Management Standards	P110		
403-8	Workers covered by an occupational health and safety management system	–		Employees' Health and Safety	P110

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403-9	Work-related injuries	Employees' Health and Safety Data Index–Strengthening CSR Foundation	P110 P150	* Information and data were gathered through Group surveys. Risk analysis and countermeasures are currently underway, but disclosure is a matter for consideration as confidential information is included.	
403-10	Work-related ill health	Employees' Health and Safety Data Index–Strengthening CSR Foundation	P110 P151		
GRI 404: Training and Education 2016					
404-1	Average hours of training per year per employee	Human Resource Development	P102		
404-2	Programs for upgrading employee skills and transition assistance programs	Human Resource Development Utilizing a Diverse Workforce	P102 P106		
404-3	Percentage of employees receiving regular performance and career development reviews	* Nikon conducts target assessment interviews of all employees biannually and there is no difference in evaluations based on gender.		Fair Treatment and HR Development	P101
GRI 405: Diversity and Equal Opportunity 2016					
405-1	Diversity of governance bodies and employees	Promoting the Success of Diverse Employees Corporate Governance Data Index–Strengthening CSR Foundation	P104 P120 P145		
405-2	Ratio of basic salary and remuneration of women to men	Data Index–Strengthening CSR Foundation	P152		
GRI 406: Non-discrimination 2016					
406-1	Incidents of discrimination and corrective actions taken	–		Compliance Promotion System	P114
GRI 407: Freedom of Association and Collective Bargaining 2016					
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	–		Human Rights Initiatives	P97
GRI 408: Child Labor 2016					
408-1	Operations and suppliers at significant risk for incidents of child labor	Promoting CSR Procurement Human Rights Initiatives	P90 P97		
GRI 409: Forced or Compulsory Labor 2016					
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Promoting CSR Procurement Human Rights Initiatives	P90 P97		

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GRI Guidelines		Corresponding item/page			Reference/Reasons for omission	
GRI 410: Security Practices 2016						
410-1	Security personnel trained in human rights policies or procedures	—				
GRI 411: Rights of Indigenous Peoples 2016						
411-1	Incidents of violations involving rights of indigenous peoples	—				
GRI 412: Human Rights Assessment 2016						
412-1	Operations that have been subject to human rights reviews or impact assessments	Participation in International Initiatives Initiatives for Preventing Human Rights Violations	P9 P98			
412-2	Employee training on human rights policies or procedures	—			Initiatives for Preventing Human Rights Violations * As we provided education through a CSR newsletter this year, it was distributed to all Group employees; therefore, training hours and percentages cannot be calculated.	P98
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	—				
GRI 413: Local Communities 2016						
413-1	Operations with local community engagement, impact assessments, and development programs	—			Biodiversity Conservation Corporate Citizenship Activities Data Index—Corporate Citizenship Activities	P82 P133 P154
413-2	Operations with significant actual and potential negative impacts on local communities	—				
GRI 414: Supplier Social Assessment 2016						
414-1	New suppliers that were screened using social criteria	—			Strengthening Supply Chain Management	P86
414-2	Negative social impacts in the supply chain and actions taken	Promoting CSR Procurement	P90			
GRI 415: Public Policy 2016						
415-1	Political contributions	0 yen				

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GRI Guidelines		Corresponding item/page		Reference/Reasons for omission	
GRI 416: Customer Health and Safety 2016					
416-1	Assessment of the health and safety impacts of product and service categories	Ensuring Safety of Products and Services * Nikon conducts safety assessments for all of its products.	P39		
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Ensuring Safety of Products and Services	P39		
GRI 417: Marketing and Labeling 2016					
417-1	Requirements for product and service information and labeling	Ensuring Safety of Products and Services	P39		
417-2	Incidents of non-compliance concerning product and service information and labeling	Ensuring Safety of Products and Services	P39		
417-3	Incidents of non-compliance concerning marketing communications	* Not applicable			
GRI 418: Customer Privacy 2016					
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	* Not applicable		Risk Management for Information Assets	P128
GRI 419: Socioeconomic Compliance 2016					
419-1	Non-compliance with laws and regulations in the social and economic area	* Not applicable			

About the Cover Photographs

The photographs used for the cover page were the winners of the Awards of first and second places in the 2019 Nikon Environmental Photo Contest, held as one of the activities in Nikon Environment Month (June of each year).

The criteria for entries to the Competition were that the photographs should embody environment-related Sustainable Development Goals (SDGs).



First Place

Entry title: Marine Life

Relevant SDG: Goal 14: Life Below Water

Photographer: SHIBASHIS MUKHERJEE [Nikon India Private Limited]

Competition jury's evaluation:

The work was a beautiful depiction of coexistence between humanity and the seas and the radiance of humanity and the seas. Traditional fishing methods which use cooperation between people to take only what is needed from the bounty of the seas are an important clue for achieving the SDGs.

The photographic technique, including the composition and light, is also beautiful.



Second Place

Entry title: Bottom up to reach bottom

Relevant SDG: Goal 6: Clean Water and Sanitation

Photographer: Masaya Takahashi [Nikon]



Second Place

Entry title: Oasis in the Desert

Relevant SDG: Goal 15: LIFE On Land

Photographer: Kazuya Onozuka [Nikon]



Second Place

Entry title: Home Sweet Home

Relevant SDG: Goal 13: Climate Action / Goal 14: Life Below Water

Photographer: Simon Gregory [Optos Plc]



Second Place

Entry title: Twin-hearts stone weir

Relevant SDG: Goal 14: Life Below Water

Photographer: Shihying Chang [Nikon Precision Taiwan Ltd.]



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