



2016 Nikon SUSTAINABILITY REPORT



Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

CONTENTS

Sustainability Report 2016

About Sustainability Report 2016	2
Nikon Group Profile	3
Message from the Top Management	5
■ Feature Articles 2016	
FUTURE IN FOCUS Photo Contest.....	7
Formulation of Long-term Environmental Vision and Medium-term Environmental Goals.....	9
Improvement in Optical Glass Development Processes.....	11
Nikon's Culture/Art Activities Support.....	13
■ Nikon CSR	
The Nikon Group's Approach to Sustainability.....	15
CSR Promotion System.....	17
Priority Issues Set Forth in the CSR Medium-term Plan.....	19
Targets and Results for the Priority Issues.....	23
Dialogue with Stakeholders.....	26
Approach to UN Global Compact.....	28
Stakeholder Evaluation.....	30
■ Management System	
Corporate Governance.....	32
Risk Management.....	42
Compliance.....	47
Intellectual Property Management.....	57
■ Environmental Management	
Nikon Environmental Management.....	58
Environmental Management Promotion System.....	62
Realizing a Low-carbon Society.....	74
Realizing a Resource-circulating Society.....	84
Realizing a Healthy and Environmentally-safe Society.....	94
■ Supply Chain Management	
Basic Policy for Procurement.....	100
Promoting Green Procurement.....	101
Promoting CSR-oriented Procurement.....	103
Dealing with the Issue of Conflict Minerals.....	105
■ Respect for Human Rights	
Respect for Human Rights.....	110
■ Labor Practices	
Nikon Group HR Vision.....	116
Human Resources Management System/ Human Resources Development/Labor Relations.....	117
Vigorous Activities Demonstrated by Diverse Employees.....	121
Supporting Diverse Work Styles.....	127
Employees' Health and Safety.....	130
■ Product Responsibility	
Product Responsibility.....	133
■ Community Contribution Activities	
Community Contribution Activities.....	138
Independent Practitioner's Assurance	144
Guidelines Index	147

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

About Sustainability Report 2016

Editorial Policy

The Nikon Group's social responsibility (CSR) is to embody our corporate philosophy: "Trustworthiness and Creativity" through business activities and contribute to the sustainable development of society.

On celebrating its 100th anniversary in 2017, while we are advancing major change to become a company that grow toward the next 100 year, we also feel the need to change our CSR activities. Business activities make various impacts on economy, society, and environment and our CSR activities focused on reducing risks. Meanwhile, Nikon has been contributing to solving issues through offering various social values with technologies related to light. We believe that we need to strengthen these types of initiatives that make a positive impact.

This year, the name of an important tool to communicate with the stakeholders has been changed from "CSR Report" to "Sustainability Report." We hope to revitalize our initiatives through using the word sustainability and convey the message of further contributing to the sustainable development of the society to readers in and outside the company.

[Sustainability Page on the Website]

Information on our policy and major CSR activities are disclosed in a manner that is easy to understand for general readers.

 <http://www.nikon.com/about/sustainability/>

[Sustainability Report 2016 (PDF)]

Detailed information related to Nikon's CSR activities such as policy, system, and various numerical data are disclosed. Part of the numerical data has received the independent practitioner's assurance for improving credibility.

*Nikon's management and financial information are disclosed on the Nikon Report 2016 and Investor Relations page (<http://www.nikon.com/about/ir/>) on the website.

■ Reporting Period and Boundary

This report focuses on the period from April 1, 2015 to March 31, 2016 (the year ended March 31, 2016), and also includes some information about activities conducted in and after April 2016. In accordance with the Notice of Restructuring, announced at the financial results conference for the second quarter of the year ending March 31, 2017, some content was changed in February 2017.

In this report, "Nikon" refers to the Nikon brand or the parent company only, "Group companies" collectively refers to Nikon Corporation's 84 consolidated subsidiaries and "Nikon Group" refers to Nikon Corporation and the Group companies. The boundary for environmental data is stated in "The Nikon Group's Environmental Management Systems and Environmental Performance Data Boundary." In cases where a specific boundary is defined, details are clearly specified in each respective section. Unless otherwise stated, the term "employees" includes Nikon Group corporate executives, permanent and non-regular staff, contract workers, dispatched workers, part-time employees, and temporary personnel.

■ References

This report has been drawn up with reference to the Global Reporting Initiative's *Sustainability Reporting Guidelines G4*, the

Japanese Ministry of the Environment's Environmental Reporting Guidelines (2012), and the International Organization for Standardization's *ISO 26000: 2010—Guidance on Social Responsibility*.

■ Report Production Department and Contact Information

CSR Section, 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
Email: Csr.Info@nikon.com

■ Environmental Matters

Environmental Administration Section, Environmental & Technical
Administration Department, Business Support Division,
NIKON CORPORATION
Ochanomizu Sola City, 4-6 Kanda Surugadai,
Chiyoda-ku, Tokyo 101-0062, Japan
Tel.: +81-3-3525-4024 Fax: +81-3-3525-4058
Email: Eco.Report@nikon.com

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 Kazuo Ushida,
President and Representative Director

Established July 25, 1917

Capital ¥65,475 million (as of March 31, 2016)

Net Sales Consolidated: ¥822,915 million
(year ended March 2016)
Non-consolidated: ¥565,355 million
(year ended March 2016)

Employees Consolidated: 25,729 (as of March 31, 2016)
*Permanent and non-regular employees of the Nikon Group,
director of Group companies.
Non-consolidated: 5,564 (as of March 31, 2016)
*Permanent and non-regular employees, not including Nikon
Corporation's employees temporarily assigned to other companies.

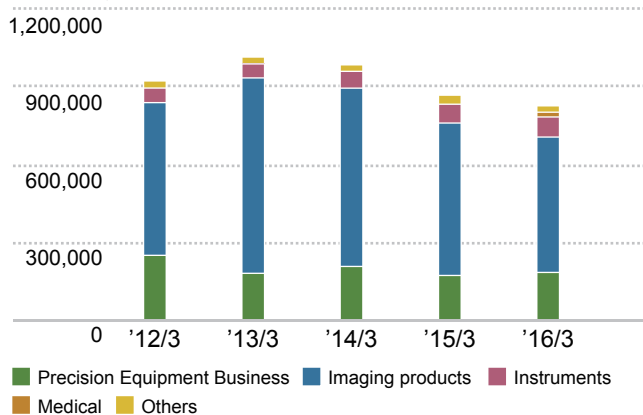
Number of Group Companies by Region (Consolidated)
(as of March 31, 2016)

- Japan (excluding Nikon Corporation) 18 companies
- Europe 27 companies
- Asia/Oceania 25 companies
- Americas 14 companies

Main financial data

Sales Breakdown by Business (Consolidated)

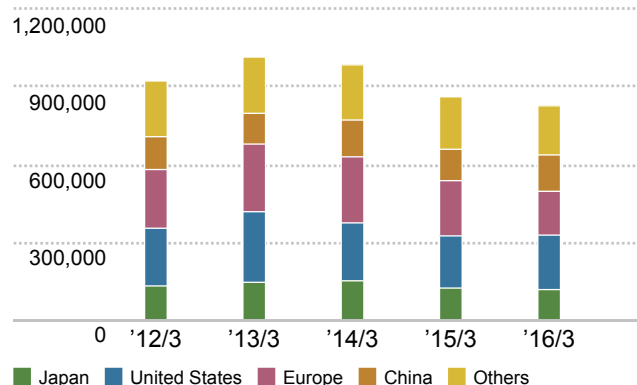
(Millions of yen)



*Sales amount constituent ratio for sales by business

Sales Breakdown by Region (Consolidated)

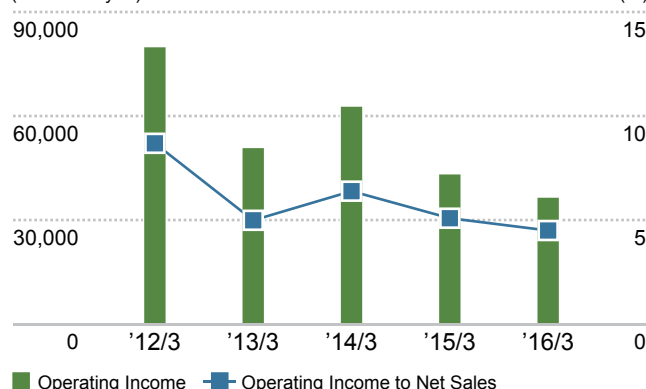
(Millions of yen)



Operating Income/Operating Income to Net Sales

(Millions of yen)

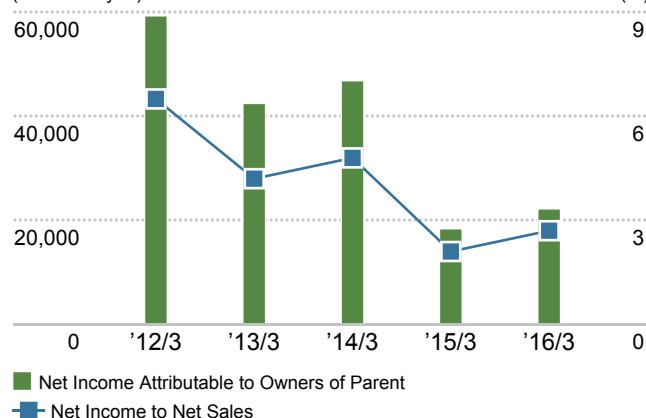
(%)



Net Income Attributable to Owners of Parent/Net Income to Net Sales

(Millions of yen)

(%)



Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

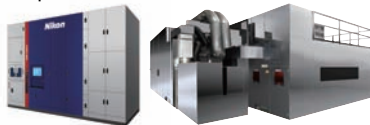
Business Domains

Nikon opened new avenues in both the domestic and international market as a pioneer of optical technology since its founding in 1917. Today, Nikon provides a wide range of consumer optical products from camera related products with digital cameras at the core to binoculars and ophthalmic lenses while also manufacturing and selling Semiconductor Lithography Systems, FPD Lithography Systems, microscopes, and measuring instruments in the field of industrial precision machines.

Precision Equipment Business

Semiconductor Lithography Systems indispensable to the manufacture of semiconductors are offered. In addition to the FPD Lithography Systems that support the manufacture of flat panel displays (FPD), including LCD panels and OLED panels that are used in products such as liquid crystal televisions, smartphones, and tablets are also offered.

[Main Products]
Semiconductor Lithography Systems,
FPD Lithography Systems



Imaging Products Business

Digital cameras with interchangeable lenses, compact digital cameras, interchangeable lenses, and other imaging related products and services, are offered.

[Main Products]
Digital Cameras, Film Cameras,
Interchangeable Lenses, Speed-light,
Photographic accessories, Software,
Binoculars, and Telescopes



Instruments Business

Products and services that integrate the latest digital technology with traditional optical technology, including biological microscopes that support bioscience research, industrial microscopes that are used in relation to precision instrument parts and semiconductors, measuring instruments, and X-ray/CT inspection systems are offered.

[Main Products]
Biological Microscopes, Industrial Microscopes, Stereoscopic Microscopes, Measuring Instruments, and X-ray/CT Inspection Systems



Medical Business

The Medical Business focus on answering previously unmet needs at various medical levels such as prevention, diagnosis, treatment and prognosis management that are based on Nikon's core competencies of opto-electronics and precision technologies.

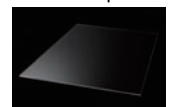
[Main Products]
Retinal Diagnostic Imaging Equipment



Other Businesses

The Customized Products Business handles wide range of unique equipment that includes optical components and products for space business while the Glass Business handles products such as photomask substrates for FPD that are indispensable to the manufacture of panels for state-of-the-art flat panel displays (FPD).

[Main Products]
Customized equipment and
Photomask Substrates for FPD



Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

Message from the Top Management

Striving to be a Company that Contributes to the Sustainable Development of Society through Optical Technology



Makoto Kimura

Makoto Kimura
 Chairman of the Board
 Representative Director
 Chairman of the CSR Committee

Kazuo Ushida

Kazuo Ushida
 President
 Representative Director

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

The corporate social responsibility (CSR) of the Nikon Group is to materialize its corporate philosophy of "trustworthiness and creativity" in its business activities and contribute to the sustainable development of the society. Based on this vision, we support the United Nations Global Compact 10 principles of "human rights," "labor," "environment," "anti-corruption" and carry out our business activities by paying attention to social issues in order to deliver products and services that enrich people's lives.

Progress in this regard for the fiscal year ended March 2016 includes developing a Long-term Environmental Vision and establishing Medium-term Environmental Goals for the reduction of greenhouse gas emissions by 2030. In addition, as a commitment to fulfill our responsibility in the supply chain, we have established the "Nikon CSR Procurement Standards" in compliance with the EICC Standards which are the global standards for the electronic industry, and we have started the CSR survey with the support of our procurement partners. We have also begun the disclosure regarding the United Kingdom Modern Slavery Act as part of a continued effort for the resolution of the international human rights issue. With regard to fair trade, in addition to our efforts to complete worldwide anti-bribery guidelines and promote them within the Group, we have conducted education on Competition Law in all of our major business units. Moreover, in order to provide a work environment where the diverse employees can play an important role, we have adopted a new personnel evaluation system as part of our global HR policy "FUTURE IN FOCUS."

Furthermore, Nikon transitioned to a company with an Audit and Supervisory Committee subsequent to the approval at the 152nd Annual General Shareholders' Meeting held on June 29, 2016. This transition will contribute to the improvement of transparency, clarification of management responsibility and efficiency of the decision-making process, while further strengthening the supervisory function of the Board of Directors.

In this way, we are taking steps to address these issues. Meanwhile, in the global community, as you can see the "Sustainable development goals (SDGs)" unanimously be adopted by all member states of the United Nations, social issues such as climate change, depletion of natural resources, and poverty etc. are extremely critical. Corporation is expected to take ownership and play an important role in the search of the solution to these problems. A few years ago, Nikon Group launched an internal project to study the social issues that need to be solved and the fields where Nikon can exploit its capabilities, and decided to enter the medical field. Here at Nikon we want to make the best use of our optical and image analysis technologies in sincere and wholehearted business activities that contribute to the health and wellness for the people around the world. Even in our existing businesses, we will not limit simply to provide apparatus; we will provide efficient solutions that contribute to the preservation of resources for our customers.

We look forward to having the continuous support from our stakeholders.

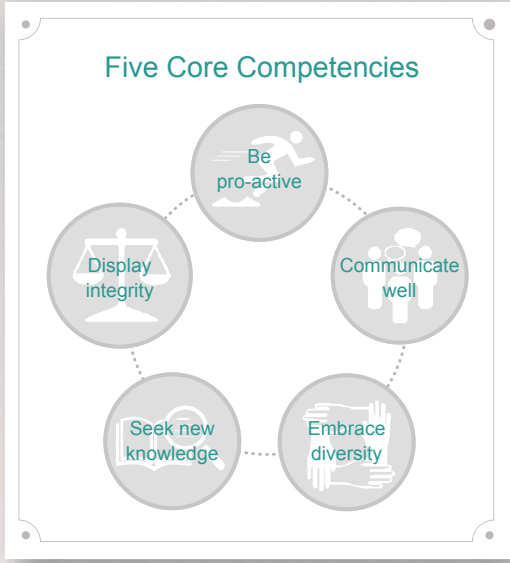
Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

Feature Articles 2016

FUTURE IN FOCUS Photo Contest

To Penetrate a New Figure of Desired Human Resources

We define the competencies for the type of human resources we desire as part of the global human resource management of the Nikon Group. The Nikon Group held a photo contest inside the Group to promote understanding about competencies in the year ended March 31, 2016.



Be pro-active




Communicate well

The Nikon Group started implementing FUTURE IN FOCUS as a Group HR measure through the introduction of new HR systems by aiming to build an environment able to develop diverse human resources and utilize employees in a broad range of fields. To communicate the message implied in competency (desired human resources), which is one of the pillars of our HR system, in a clear, concise, and beautiful manner, we thought images, also being core business of the Nikon Group, were effective. Thus, we held a photo contest based on the theme of our competencies. This photo contest aimed for employees to capture moments


and situations thought to exhibit our Core Competency and express what it means through photography and naturally deepen the understanding of these competencies. A total of 1,485 images were submitted. Five grand prize winners and twenty prize winners were selected from the images after regional and global judging (first and second phase) in addition to voting by our employees. In the future, we will utilize the images of the grand prize winners as materials for PR such as posters to promote even more understanding and penetration of the competencies in the Nikon Group.

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities




 Embrace diversity



 Seek new knowledge



 Display integrity



Judge's Comment

The most important criteria when judging was: Does the image illustrate the Nikon Core Competency?

We held the FUTURE IN FOCUS photo contest with the hope of receiving many submissions from employees around the world. The outcome exceeded our expectations and we received 1,485 images.

The most important criteria for the Global Judges including myself was: Does the image illustrate the Nikon Core Competency? In addition, image idea and its realization as well as aspects like the presentation of the theme, image composition, image perspective and the technical quality were taken into account. The success of this photo contest, which was successful due to the cooperation of the employees, gave us confidence in continuing to advance the Global Human Resources Initiative - FUTURE IN FOCUS.



Kathrin Werner
Department Manager
Human Resources,
Nikon GmbH

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

Feature Articles 2016

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

Toward More Systematic Environmental Activities

We formulated the Nikon Long-term Environmental Vision in April 2016. Additionally, we formulated the Nikon Medium-term Environmental Goals for 2030 as well as the Nikon Three-year Environmental Plan for the year ending March 31, 2017 through the year ending March 31, 2019 to steadily advance our initiatives.

In recent years, climate change risks such as flooding and droughts are increasing worldwide. Regulations related to the environment tend to become more stringent. Expectations toward private enterprises and the roles they are expected to fulfill are growing substantially as the 2030 Agenda for Sustainable Development, which includes Sustainable Development Goals (SDGs) with climate change as one of its goals, was adopted by the United Nations General Assembly in September 2015. In addition, the Paris Agreement for all countries, including the world's largest emitters, to promise to endeavor in initiatives toward climate change was adopted at the 21st Conference of the Parties (COP21) of the United Nations Framework Convention on Climate Change. The Nikon Group proactively responds to these risks and regulations based on its awareness that responding to expectations and request from society is our corporate social

responsibility. In April 2016, we formulated the Nikon Long-term Environmental Vision that looks ahead several decades into the future. The Long-term Environmental Vision encompasses the realization of a low-carbon society, a resource-circulating society, and a healthy and environmentally-safe society, which are the three important pillars of this vision, considering the global situation and the characteristics of Nikon's business that use limited resources to manufacture and sell products. In addition, to achieve the Long-term Environmental Vision, we have established the Nikon Medium-term Environmental Goals for 2030, which is a year targeted for the reduction of greenhouse gas emissions by the Japanese government. We are steadily working toward accomplishing these goals by formulating the Nikon Three-year Environmental Plan and the Environmental Action Plan each year.

Comment from the Environmental Committee Chief

Contributing to a Better Environment for All of Society Based on the Long-term Environmental Vision

We have formulated the Long-term Environmental Vision that further clarifies the direction we are aiming for based on the social situations in recent years as we approach the celebration of the 100th anniversary of Nikon's foundation in 2017.

The initiatives that society expects corporation to do change over time. I feel that legal compliance has become a basic minimum prerequisite. I also feel that society expects us to understand and respond to risks such as climate change and environmental regulations with a perspective of changing those risks into an opportunity to contribute to the society. Without a sustainable environment, we cannot continue our way of life and our businesses.

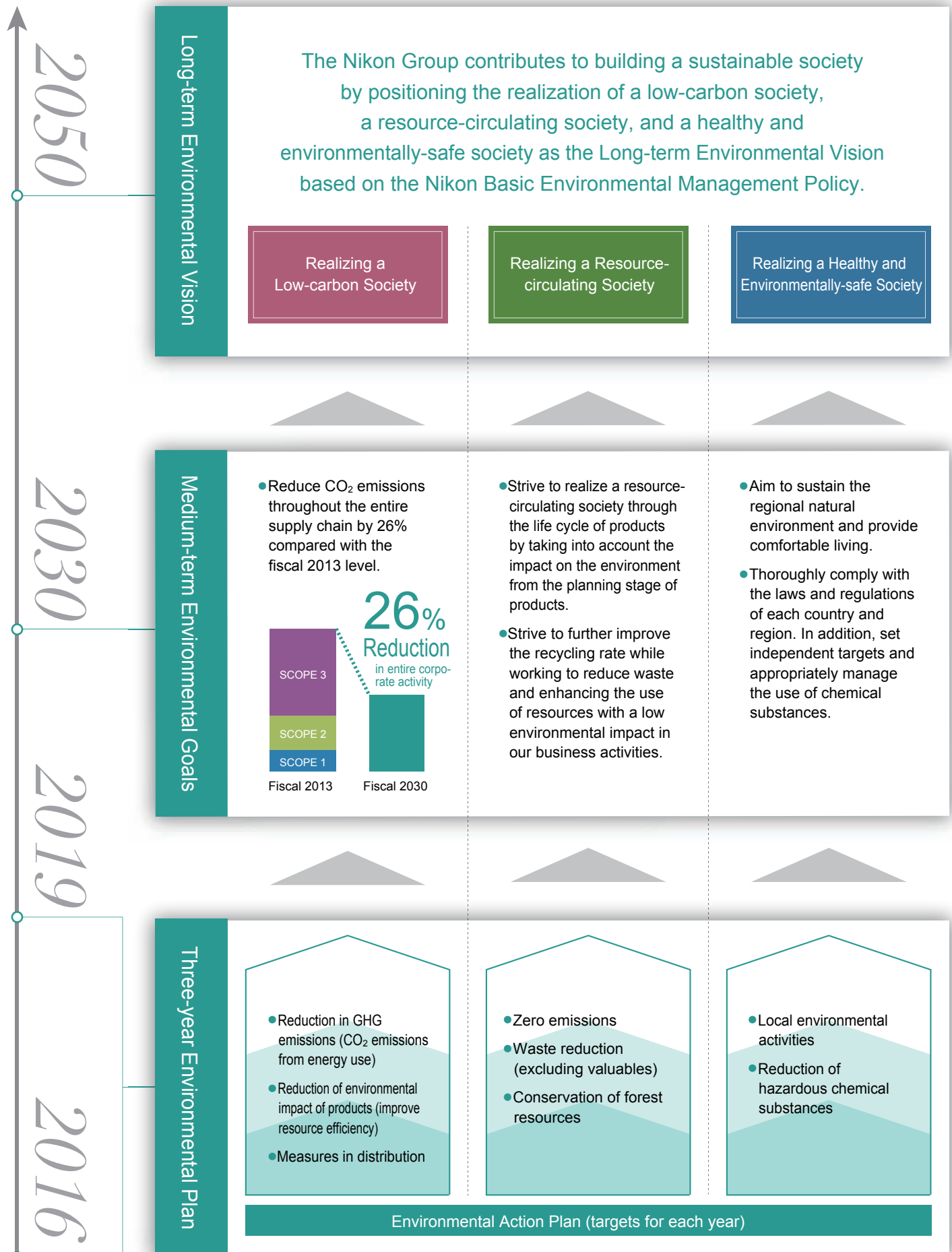
We need to face this fact sincerely and make efforts to minimize the environmental load. We must face the expectations of society directly and strive to reduce the environmental impact of our products. In the future, we would like to promote initiatives that lead to improving the environment of the entire society by utilizing the technologies of Nikon.



Tsuneyoshi Kon

Chief of the Environmental Committee, General Manager of Business Support Division, Corporate Vice President

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities



Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

Feature Articles 2016

Improvement in Optical Glass Development Processes

Creating New Value through Manufacturing

The Nikon Group aims to improve the efficiency of development and production processes as well as product quality by continuously pursuing the improvements and advancement of core technologies that support manufacturing. These efforts also contribute to the reduction of the environmental load, such as energy consumption and waste generation.



Visual inspection

Optical glass is used for various products such as cameras, binoculars, and microscopes. The required refractive index of optical glass is determined by its function and application and needs to be adjusted with high accuracy of six or more decimal places. As development of optical glass is one of the core technologies supporting the business of Nikon, the Group cooperates to ceaselessly examine and practice improvement measures. Hikari Glass Co., Ltd., which develops and manufactures optical glass, has dramatically improved the efficiency in the development process as a result of these initiatives.

In the conventional development process of optical glass, manufacturing conditions were set by blending the raw materials of glass (composition development) first at a small scale before conducting experiments with large-scale mass production equipment. However, it was not unusual to fail in reproducing the manufacturing conditions set in small-scale experiments during mass production experiments. When melting raw materials of glass by heat in the experiments for mass



Small-scale experiment

production, temperatures may be uneven depending on location due to the large size of equipment, resulting in inconsistent components and a reduction in the refractive index and transmission.

Small-scale experiments and mass production experiments had to be conducted again when these types of issues occurred. However, the deficiencies may not have been caused just by uneven temperature. Every process needs to be analyzed



Mass production experiments

individually because problems occur due to combination of various factors; from the type of raw material and blending, measuring, mixing, dissolving and cooling processes. Therefore, it took a long time before actual production. In addition, a large amount of heat energy is used to melt the glass and waste glass is also generated.

The development department of Hikari Glass Co., Ltd. began to make the process more efficient in coordination with Nikon. We spent one year to meticulously break down the processes, from development design to manufacturing, into small details and analyzed them. We succeeded in obtaining the same results even when conditions such as the scale of equipment differed by optimizing the processes. These efforts have allowed dramatical reduction in lead time of development with higher quality and less cost. In addition, it shorten the time to improve the quality of conventional products and develop new products. Furthermore, this has also proven effective from an environmental perspective such as reduction in the amount of energy consumed and waste generated.

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

Voice of Engineer in Charge of Development

Aiming for More Efficiency by Utilizing the Results

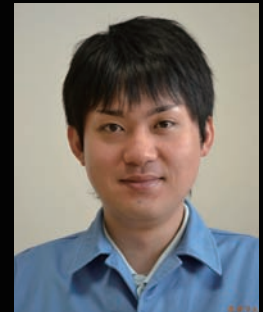
The manufacturing process of optical glass intertwines multiple layers of various scientific factors and also their structure is invisible. Therefore, it is not easy to identify the factors which affect the quality. Furthermore, we are manufacturing more than 100 different types of optical glass and each of them has its own appropriate manufacturing conditions. As a result, a vast amount of time is required to find the manufacturing conditions for stable production for all types of glass. We completely changed our way of thinking from the conventional way, that is to optimize each glass to the new way, which is to optimize each element technology. We adopted a new methodology and continued research, development, and production design. The technological information discovered by this method can be applied universally for glass in the same category and lead to improvements in efficiency of securing quality and new product development. In the future, I would like to contribute to the reduction of the load on the environment by making research and development more efficient by applying these methods to different category of optical glass that are currently not covered.



Hiroyuki Abe
Technology Development Dept.,
Production Division
Hikari Glass Co., Ltd.

Improvement of Technological Capabilities Lead to Reducing Environmental Impact

I felt the need for more efficient technological development while I was involved in projects such as a mass production start-up for newly developed optical glass and a project aiming at quality improvement of existing glass. I came to know a technological development method known as quality engineering (Taguchi method) and employed its techniques to our research process. As a result, we were able to reproduce the same results at a mass production scale as the result we got from small-scale experiments using new evaluation methods. Such improvements in technological capabilities were environmentally friendly and lead to the reduction of the load on the environment, such as reducing the amount of energy and waste. Environmental activities to me is the technological development itself.



Kota Sato
Technology Development Dept.,
Production Division
Hikari Glass Co., Ltd.

Economic effect

Lead time of experiments

75% shortened

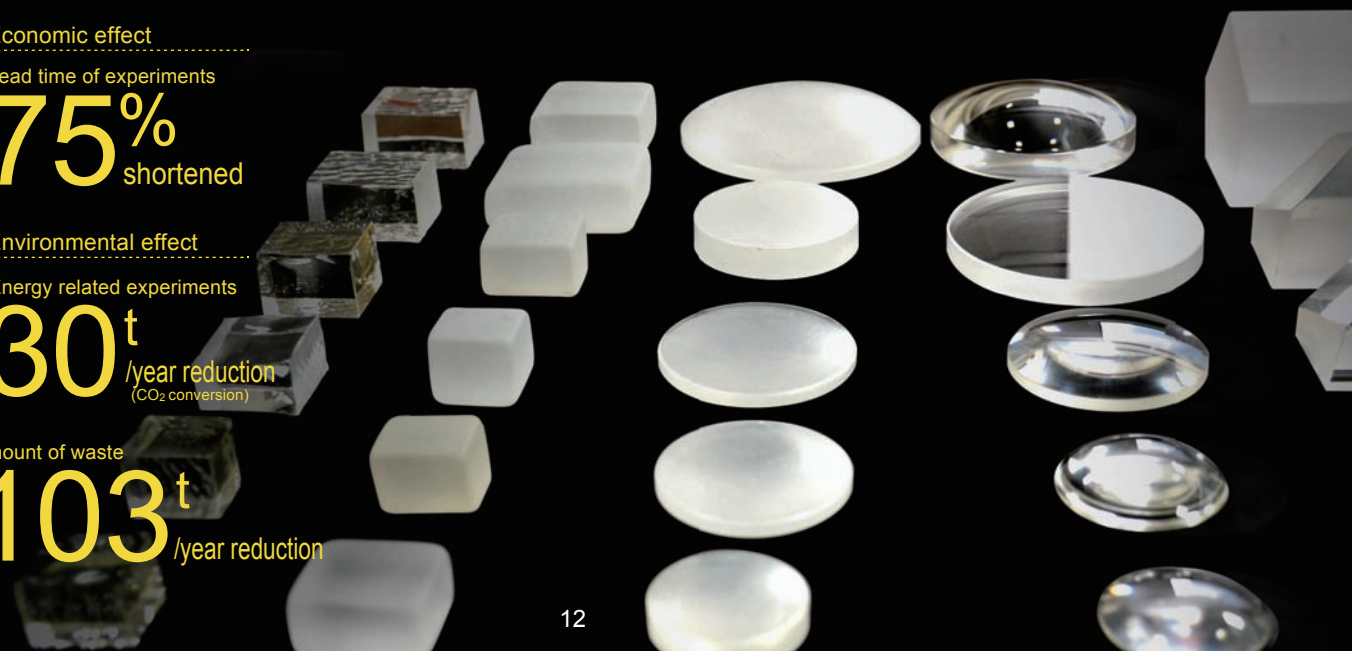
Environmental effect

Energy related experiments

Approx. **30^t** /year reduction
(CO₂ conversion)

Amount of waste

Approx. **103^t** /year reduction

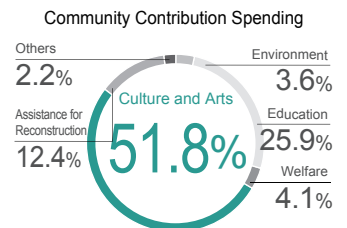


Feature Articles 2016

Nikon's Culture/Art Activities Support

To Spread Photographic Culture

Nikon strives in activities to contribute to society by focusing on fields of the environment, education, social welfare, culture, art, and disaster reconstruction support. We have worked in culture and arts fields with focus on photography and imaging culture for many years and we are expanding these efforts to each region of the world.



World Activities Supporting Photographic Culture

Each Nikon Group company acts to enable that everyone in the world has the chance to get familiar with a photographic and imaging culture, and to learn about it. Through our activities we encourage young people to develop their creativity and expressive power, hoping that they will be active in various fields in future.

In Poland



Holding Photo Education Program: Action (Photo) Education

Action (Photo) Education is a multimedia photo education program for youths held every year since 2012 by the Nikon Polska Sp. z o.o. (Poland). We are supporting the career development and the cultivation of creativity of youths by publishing photography education materials and holding competitions for high school and university students. We freely publish these education materials on the Internet and provide education manuals for instructors at participating schools. 67 schools participated in the year ended March 31, 2016.

In Japan



TopEye support of after-school activities for junior high and high school students working in photography

Nikon Imaging Japan first published "TopEye," a magazine to encourage junior high and high school photographers, in 1979. This magazine is currently distributed for free to roughly 7,000 schools. It supports the after-school activities of junior high and high school students through holding photo contests, publishing advices from photographers, and much more. The TopEye Photography Summit for High School Students started in 2014 to provide real experience to high school students. In the year ended March 31, 2016, 45 students from 15 schools participated to compete with their photographic skills and works.

In Canada



Co-sponsorship of Contact Photo Festival

Nikon Canada Inc. cooperates with the Contact Photo Festival held by a NPO since 2012. This festival is a huge photographic event with over 1,500 artists and photographers exhibiting every year and one million participates. Nikon Canada Inc. widely supports the photographers to youths in their activities worldwide through this event. We introduced free photo courses taught by professionals, free maintenance of equipment, and photo competitions in 2015 in addition to launching a photo program for elementary and junior high school students in 2016.

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

PICK UP

Nikon Salon has Engraved Half a Century of History

Nikon Salon is a photo gallery established in Ginza in January 1968 in commemoration of Nikon's 50th anniversary. Thereafter, this exhibition has contributed to the development of photographic culture for about half a century while expanding the venue for activities to Shinjuku and Osaka. Many photographers have used this exhibition as a place to announce their activities because their works are fairly evaluated regardless of whether professional or amateur.



Initiatives to Educate the Next Generation

Providing a Place to Announce Works to Young Photographers: Juna21

At Nikon Salon, a selection category called Juna21 was established for a young generation up to 35 years of age as support of education for the next generation to provide an exhibition space and support their activities. The Miki Jun Award is presented to the most remarkable works each year and encouragement prize to other remarkable works. It has come to be widely know in the world of photography as the first step to success by turning out large number of photographers. In addition, Juna21 not

only provides an exhibition space but also a platform to learn. Juna21 supports the creative activities of young photographers through efforts such as portfolio review that allow a free evaluation from a selection committee member and gallery talk which the photographer explain their Juna21 exhibits.



Portfolio review



Miki Jun Award Main prize

* Juna21 will be renewed as "Be a Photographer" to provide further support for young people in the year ending March 2018.

Comment from Nikon Salon operation manager

A Place to Exhibit Magnificent Works with Fairness Unchanged for Half a Century

The greatest value of Nikon Salon is the level of photo quality proven with fair evaluation unwavering since it was established. Everyone has a chance to exhibit their photos regardless of whether a professional or amateur because the quality of the work is the only evaluation standard. Never asking about the equipment used is proof of that. In other words, it doesn't matter whether the photos are taken with a Nikon camera or not.

The Nikon Salon has gained the attention of the world and is a venue connecting to the next step precisely because the judges of the selection committee have been choosing magnificent works with a strict yet fair eye. We also hope Nikon Salon can help evolve the photo culture by being used as a cornerstone for people to strive forward in photographic activities in the future.



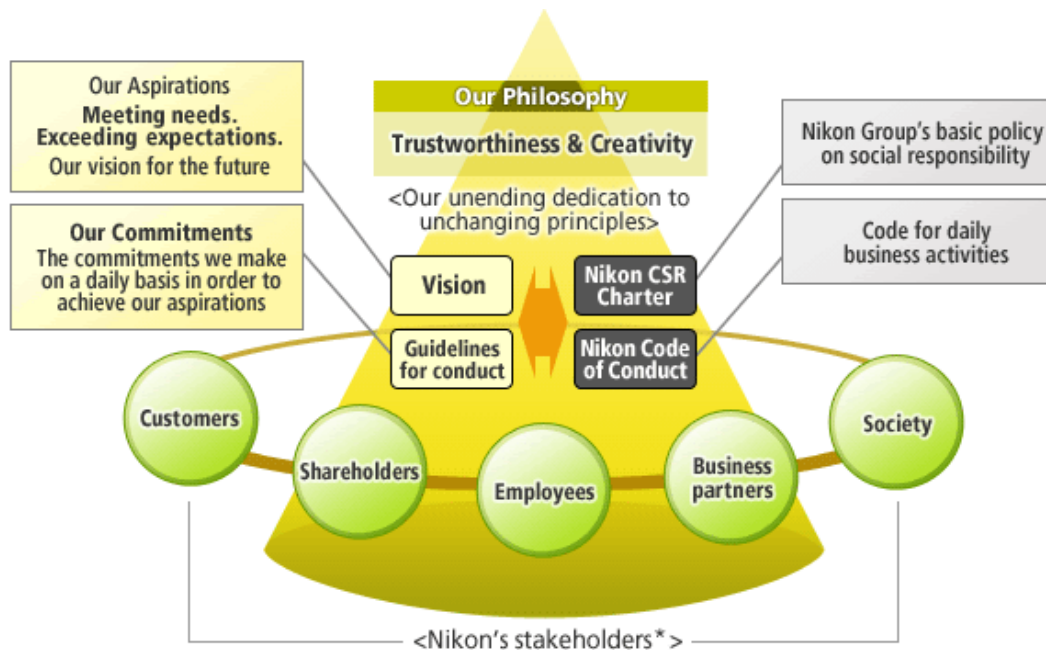
Ikuya Hirose
Photo Culture Support Manager
Imaging Business Unit
NIKON CORPORATION

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

The Nikon Group's Approach to Sustainability

The Nikon Group defines its basic approach toward the social responsibility that should be achieved as a company to contribute to the expansion of a sustainable society according to the corporate philosophy of Trustworthiness and Creativity.

Nikon High-Level Policy and Stakeholders



Nikon CSR and Sustainability

The Nikon Group's social responsibility (CSR) is to embody our corporate philosophy: "Trustworthiness and Creativity" through business activities and contribute to the sustainable development of society.

Our business activities have various effects on the economy, society, and environment. These expectations are to make the greatest positive impact to benefit society while negating negative impact as much possible and contribute to the growth of a sustainable society. However, the Nikon Group's CSR activities up until now have been focused on activities that minimize risks.

Sustainable growth is the growth that satisfies the needs of today while not threatening the ability of the next generations to satisfy their needs. Society confronts many kinds of serious issues, including environmental issues such as the depletion of resources and climate change as well as labor and human rights issues in the supply chain. Therefore, the role companies must undertake is greater than ever before to resolve these problems. We are expected to contribute to the resolution of these issues by driving the creativity and innovation the company possesses even in the Sustainable Development Goals that began in 2016.

The Nikon Group has grown by creating products that bring happiness into people's lives. We have been contributing to the solutions of social issues until now through these products, and we hope to contribute even more by utilizing technology such as the light and imaging analyses that Nikon possesses. This is the reason we have decided to enter the medical field. We believe we have a possibility to provide more value toward the realization of SDGs and solutions for social issues.

We are working to heighten our CSR-focused management to the next level so that we can contribute to the sustainable growth of society and also the sustainable growth of the Nikon Group itself.

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

■ High-Level Policies for CSR Activities

We have defined our basic approach to CSR as the Nikon Corporate Social Responsibility Charter in addition to stipulating the standard actions that should be taken by employees in their daily operations as the Nikon Code of Conduct based on that charter. Moreover, we have been participating in the UN Global Compact* since 2007 and conduct business activities taking account of related international codes.

* United Nations Global Compact

The UN Global Compact was announced by the then UN Secretary-General Kofi Annan at the World Economic Forum (Davos Conference) in 1999, and was officially launched at the UN headquarters in New-York in 2000. It is composed of ten principles in the areas of human rights, labor, environment and anti-corruption, and supportive companies are requested to embrace and implement these principles.

Nikon Corporate Social Responsibility (CSR) Charter

Established April 27, 2007

Established December 1, 2009, revised February 1, 2013

1. Sound corporate activities

The Nikon Group endeavors to comply with international regulations, related laws, and internal rules, exercise sound and fair corporate practices, earn the trust of stakeholders such as customers, shareholders, employees, business partners, and society. The Group will maintain constructive relationships with administrative bodies, remaining politically neutral and complying with laws, and will not engage in relationships with individuals or groups that threaten social order or safety.

2. Provision of valuable goods and services for society

The Nikon Group will provide valuable products and services with superior quality and safety to society, endeavoring to increase the satisfaction and trust of our customers and contributing to the healthy development of society.

3. Respect for Human Beings

The Nikon Group will respect diversity and individual human rights and provide a healthy and safe working environment in which all persons receive fair treatment without discrimination. It will also oppose enforced labor and child labor and respect fundamental human rights as well as workers' rights.

4. Protection of the Natural Environment

The Nikon Group will proactively engage in environmental efforts and work to protect the natural environment, as these are common issues for all of mankind.

5. Responsibility to Society as a Corporate Citizen

The Nikon Group will carry out corporate activities that take into account the cultures and practices of each country and region and proactively engage in activities that contribute to society as a good corporate citizen.

6. Socially responsible behavior within the supply chain

The Nikon Group will encourage socially responsible behavior within its supply chain.

7. Transparent Operating Activities

The Nikon Group will communicate extensively with customers, shareholders, employees, business partners, and society and disclose business information in a timely and fair manner. It will also conduct reliable financial reporting through accurate accounting processes.

8. Responsibility of Top Management

Top management and employees in managerial positions within each department must understand that they play an essential role in fulfilling the spirit of this Charter and thus, in addition to leading by example, they must ensure that this information is disseminated to everyone in the Group and all related parties. Management must always strive to understand the opinions of those both inside and outside of Nikon to develop a sound internal framework that ensures that the spirit of this Charter is upheld. If any incident occurs that violates this Charter, top management will demonstrate, internally and externally, their determination to solve the problem and strive to identify the cause and prevent its recurrence. Furthermore, they will uphold information disclosure and accountability obligations. They will clarify the authority and responsibility of each manager and employee and deal rigorously and objectively with all people involved in the matter, including top management.

CSR Promotion System

We are promoting initiatives to achieve sustainable society by fulfilling our social responsibility across the whole Group through a system centering the CSR Committee.

CSR Promotion System

We have built a structure for efficient and effective CSR activities to support the sustainable growth of society and also continue the growth of our own companies at the Nikon Group. The heart of this structure is the CSR Committee that is chaired by the chairman with members drawn from the Executive Committee.

The CSR Committee convenes twice a year to set goals, receive reports on progress for all activities, to issue directions for improvement as required, and to take decisions about overall CSR activities. The Business Conduct Committee and the Environmental Committee have also been established as specialist sub-committees to further initiatives while liaising with the CSR Committee.

CSR Promotion in Overseas Group Companies

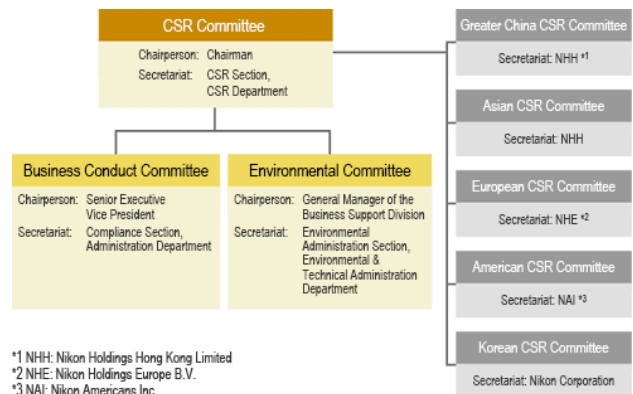
As a high percentage of the Nikon Group's sales and employees are based overseas, the expansion of CSR activities at overseas Group Companies is vital. However, it is difficult to promote CSR activities equally in countries and regions with different social backgrounds, such as culture and language. So, we have positioned the supervision and promotion of CSR to each holding company to consider the characteristics of each region to advance consistent initiatives throughout the Group. Nikon Group currently divides areas it operates in to six countries and regions -- Japan, Chinese regions*, Asia, Europe, the Americas, and Korea. Additionally, we are promoting CSR through establishing CSR Committees consisting of Group company directors in each region, and CSR Communication Meetings consisting of CSR coordinator in each company.

The CSR Global Communication meeting was held at the Head Office in the year ended March 31, 2016 with representatives from the CSR departments of holding companies. In addition to sharing social trends and the progress of activities in each region, they reviewed existing CSR issues and discussed on points of improvement. We will continue to promote CSR unified as a Group through close cooperation.

* Greater China refers to China, Hong Kong and Taiwan. The Asia Region refers to Asian countries excluding Greater China and Korea, Oceania, and the Middle East.

➤ [Priority Issues Set Forth in the CSR Medium-term Plan \(P19\)](#)

CSR Promotion Organization (As of March 31, 2016)



*1 NHH: Nikon Holdings Hong Kong Limited
 *2 NHE: Nikon Holdings Europe B.V.
 *3 NAI: Nikon Americans Inc.

Main Activities by Region During the Year Ended March 2016

Country/region	Main activities
Japan (Group wide)	<ul style="list-style-type: none"> - Revising priority issues for CSR - Start of surveys to understand the progress of raising CSR awareness - Implementation of communication risk education for employees involved with advertising and promotion - Revision of monitoring within the Group
Greater China	<ul style="list-style-type: none"> - Publication of the fourth Chinese CSR report - Confirmation of the effectiveness for multiple contact windows in the in-house consulting system
Asia	<ul style="list-style-type: none"> - Development of the Asian anti-bribery guideline - Confirmation of the awareness, etc., about the in-house consulting system through awareness survey
Europe	<ul style="list-style-type: none"> - Introduction of consistent e-Learning tools in Europe - Renewal of the in-house consulting system and implementation of internal contact window for representatives of Group companies
Americas	<ul style="list-style-type: none"> - Development of the Americas anti-bribery guidelines - Revision of the contact window of the in-house consulting system and thorough reaffirmation of the usage method - Formulation of the donation and contribution guidelines
Korea	<ul style="list-style-type: none"> - Development of the Korean anti-bribery guideline - Implemented education about the code of conduct

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

■ Revision of monitoring within the Group

We conduct CSR activities throughout the entire group based on the Nikon Corporate Social Responsibility Charter and Nikon Code of Conduct, but we are also confirm whether these activities are suited to the international requirement levels and to implement an experimental check in the year ended March 31, 2016 to raise the level of Group-wide activities. We specifically conducted on-site surveys through an external auditor for the status of the ethics, labor, safety and health, environment, and management system by using the Nikon CSR Procurement Standards created following the code of conduct from the Electronic Industry Citizenship Coalition (EICC), which is the global standard of the electronics industry, at one Nikon business facility and three Group companies in Japan and overseas. As a result, we discovered some differences in level of activities by regions, business facilities, and Group companies. We have put a plan to review the existing standards and policies in the year ending March 31, 2017 to solve this issue.

Raising CSR Awareness of Employees

The Nikon Group began issuing a CSR newsletter to all Nikon Group employees in fifteen languages in January 2015 for the purpose of raising the CSR awareness of employees. The newsletter is filled with CSR topics of attention worldwide, reflecting the opinions from the CSR departments of overseas regional holding companies from the planning stage. Five editions were published in the year ended March 31, 2016 to introduce news related to compliance, activity examples of the best practices in Group companies, and CSR trends worldwide.

■ Measuring CSR Awareness of Employees

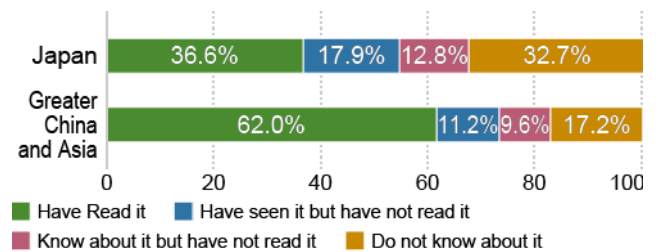
Raising the awareness of each and every employee is vital to strengthening CSR throughout the entire Group and responding to the expectations of society. Therefore, we started CSR awareness surveys at the Nikon Group to measure the current level of employee awareness as well as effectiveness and progress after the education and enlightenment efforts.

More specifically, we added some questions in our current compliance survey, to measure the CSR awareness, and evaluate the results on a yearly basis. We implemented this monitoring in Japan, Greater China, and Asia in the year ended March 31, 2016 and plan to conduct it in Europe, the Americas,

and Korea in the year ending March 31, 2017. The awareness of the CSR newsletter in the survey results was 73% in Greater China and Asia as well as 55% in Japan. We believe raising the awareness level of the CSR newsletter is important, and we are working to achieve over 70% awareness of it as the entire Group in the year ending March 31, 2017.

Results of the CSR Awareness Survey

CSR Newsletter



Avoiding Communication Risks in Advertising

In Nikon Group, the BtoC business has a large ratio in sales revenue, therefore we need to pay attention to CSR aspects of the targets selected and the messages sent. It is quite important to build a check system so that we do not include unintentional messages such as infringement of human rights, discrimination, and environmental disvalue without being aware of it due to the differences in values. Each and every employee related to advertising promotions is required to have a high awareness and sensitivity toward society.

The Nikon Group launched the project against communication risk centered around the imaging business and implemented the risk analysis based on interview survey as well as the education to employees in charge (50 employees attended in Japan and Asia) in May 2015. We also provided reminders for CSR related matters in these activities.

Priority Issues Set Forth in the CSR Medium-term Plan

For CSR promotion activities, we work to identify priority issues, set the CSR Medium-term Plans for each issue and carry out initiatives according to the plan.

CSR Medium-term Plan

The Nikon Group identifies priority CSR issues, creates a materiality map, put them into high-priority theme as Group common priority issues for the CSR Medium-term Plan. In addition, the departments in charge formulate three-year plans as well as fiscal targets for each of these priority issues. We are promoting activities by reporting and evaluating the progress status of each target at each higher-level meeting for the management layers involved, which includes the CSR Committee held every six months.

■ Revising Priority Issues

Based on the expectations of its stakeholders and social trends, the Nikon Group is identifying issues to focus on that should be prioritized in our initiatives for the sustainable growth of society. In recent years, the business environment of the Nikon Group is drastically changing. We entered the medical business and employees and manufacturing sites are increasing through M&A. Regarding social environment, new social issues are arising, for example, the transparency of society is increasing through growth of information technology, and new issues such as human rights issues in the supply chain including conflict materials and modern slavery. Taking these into account, we have revised the priority issues in the year ended March 31, 2016.

Revision Process of Priority Issues

First Step

Collecting information

1. Grasping social trend

- CSR mega trend analysis
- Communicating with NGOs
- Benchmark of CSR-leading companies

2. Grasping relation between Nikon's business and society

- Value chain
- Company's important policies and actions such as Medium-term Management Plant

Second Step

Hypothesis building

3. Comparing social issues and Nikon's situation (Risk and opportunity, strength, and weakness)

ISO26000, DJSI, CDP, significant issues in the industry, communication with NGO

4. Checking hypothesis Exchanging opinions with external experts, employees in Japan and overseas, and overseas CSR departments

Third Step

Proposal and approval

Propose to the CSR Committee and make decision

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

First step: Collecting information

The CSR Department, the secretariat of the CSR Committee, implemented hearing investigation to 11 businesses units such as Semiconductor Lithography, FPD Lithography, Imaging, Industrial Metrology, Microscope Solutions, Medical Development and Business Development to clarify the relationship between the value chain and CSR. In addition to discovering each subject of the ISO26000 in detail by holding internal study sessions, we have gathered the social issues in the international society from important principles of GRI^{*1} guideline, SRI^{*2}-related items requested by external evaluation agencies, and issues raised by CSR-leading companies. Furthermore, we have also summarized issues which the major NGOs are interested.

Second step: Hypothesis building

CSR department identified candidates for priority issues by comparison of social issues in above first step and Nikon business characteristics, and by discussions with the related departments in charge of CSR activities. At the same time, we have also gathered feedback about CSR from different countries and regions, business departments, and 82 Nikon Group employees in a wide-range of positions. Furthermore, we have debated candidates of priority issues based on the feedback of the overseas regional holding companies and opinions of these employees at the CSR Global Communication Meeting held in October 2015. In addition, we invited Peter D. Petersen, co-founder of E-Square Inc. to the CSR Committee to provide a lecture presentation and exchange opinions about the latest trends in CSR.



Peter D. Petersen

Conclusion

We found that almost all the businesses in Nikon Group were linked with the issues which were significant in international society and there was a demand for us to deal with them. One urgent matter clarified in Nikon Group was that the employees felt that there was dissociation between CSR and their daily jobs. From these results, we realized the importance of linking CSR activities and medium-term plan, and decided to review the next medium-term plan, to begin in March 2020, so as to coordinate it with CSR priority issues.

*1 GRI (Global Reporting Initiative)

GRI is an international organization founded in 1997 with its headquarters in the Netherlands. It aims to develop and disseminate an international guideline concerning organizations' sustainability report. GRI is also an official cooperation center of UNEP (United Nations Environment Program), and companies and non-profit organizations from all around the world join it.

*2 SRI (Socially Responsible Investment)

This is an investment strategy/concept that assesses CSR aspects of social, ethical and environmental issues in addition to conventional financial figures such as performance, profitability and growth of the company, when making investments.

Problems and Proposed Measures Understood Through Aggregation of Employee Feedback

Problems	Proposed measures
- Difficult to see links between CSR activities and Medium-Term Management Plans and difficult to confirm progress and level of achievement	- Clearly linking Medium-Term Management Plans and CSR activities
- Exhaustion in CSR activities due to the numerous and confusing rules and regulations	- Organizing the large number of policies
- Misunderstanding CSR as only risk management activities - Optimistic awareness (eyes are only on internal problems)	- Cultivating a corporate climate to use Nikon resources with an eye toward external issues through education and enlightenment for SDGs

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

■ CSR Materiality Map and Common Priority Issues in the CSR Medium-term Plan

Nikon Group decided not make an overall revision to the priority issues in the year ended March 31, 2016, but we changed a portion of the existing materiality map and priority issues based on the problems found in the process of reviewing the priority issues. We specifically changed the “Employee - human rights/labor practices” in the materiality map to “Human rights/labor practices” since it was also included in the other stakeholders. Furthermore, we added “Product quality and safety” and “Information security” which were positioned as high priority in the materiality map to the Group common priority issues in the CSR Medium-term Plan.

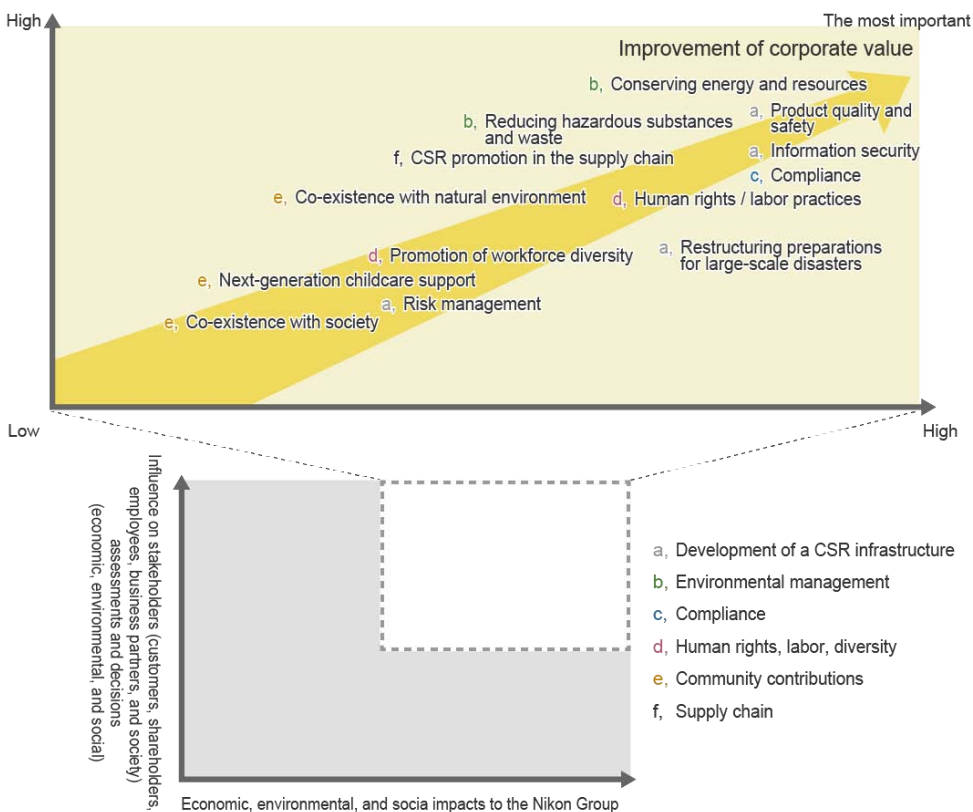
Priority Issues in the CSR Medium-term Plan
 (From the year ended March 2016 to the year ending March 2018)

.....

We will strive to develop our business globally while constantly maintaining a strong awareness of CSR, including compliance- and environment related issues. We will enhance trust by encouraging and supporting communication with stakeholders, and responding sincerely to stakeholder expectations.

- Expansion and promotion of environmental management
- Implementation of compliance activities
- Respect for human rights and labor practices, and promotion of diversity in workforce
- Promotion of community contribution activities
- Promotion of CSR activities in the supply chain
- Ensure product quality and safety
- Promotion of information security

CSR Materiality Map of the Nikon Group



Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

Column

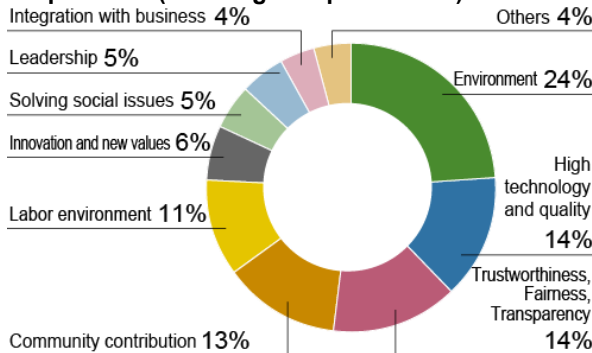
Gathering Feedback from Employees Worldwide

We are utilizing the feedback of our stakeholders in identifying priority issues and formulating a medium-term plan at the Nikon Group. We consistently questioned about sustainability and gathered feedback from 82 Nikon Group employees worldwide who are members of our stakeholders in the year ended March 31, 2016. Specifically in Japan, we conducted a workshop style World Café*¹ with CSR communicator*² and employees selected from each division. In overseas, the holding companies which are promoting CSR activities in each region, conducted questionnaire surveys and workshops with CSR coordinators*³ and others. As a result, we found that many employees give keywords related to the environment as CSR that should be achieved by Nikon. We also found that our employees had a high level of interest in thinking about the importance of contributing to society through supplying products of high quality, high technology products, social contribution, and contribution to local communities within the larger society.



World Café

Main Opinions of Employees: What is the CSR Pursued by the Nikon Corporation? (including multiple answers)



Discussion at the European CSR Communication Meeting

*1 World Café

Method of dialogue based on the concept to bring about a café-like atmosphere to allow for an open discussion between people in order to freely build networks.

*2 CSR communicator

Corporate departments related to Nikon CSR and CSR promotion office for each business division.

*3 CSR coordinator

CSR promotion representative appointed at each overseas Group company.

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

Targets and Results for the Priority Issues

We are evaluating the activities of the CSR Committee every six months while setting annual targets for each priority issue shared across the Group in the CSR Medium-term Plan.

In addition, we are setting targets that reflect the results and issues for the next fiscal year.

Results for the Year Ended March 31, 2016 [Summary]

Priority issues	Targets	Results	Self-evaluation	Corresponding page
Development of a CSR infrastructure	Start global research of CSR awareness for future training to employees in Nikon Group	Questions to measure the CSR awareness have been newly added to the employee awareness survey implemented in Greater China, Asia and Japan. The awareness level of the CSR newsletter within these surveys was 73% in Greater China and Asia and 55% in Japan	○	P18
	Conduct training for persons in charge of publicity and advertisement in order to avoid CSR risks in these domains	Education about communication risk including CSR was introduced for persons in charge of operations in Asia and Japan for the Imaging Business Unit	○	P18
Expansion and promotion of environmental management	For environment-related results, please refer to the "Environmental Action Plan."			P59
Implementation of compliance activities	Publish anti-bribery guidelines for group companies in Americas, Asia and Korea so that the guidelines will be available globally	Anti-bribery guidelines for Group companies were published in the Americas, Asia and Korea so that the guidelines became available globally	○	P54
	In the light of the previous years' performance, expand competition laws training to Group companies outside Japan of Precision and Glass business units	Competition law training was introduced at 42 overseas Group Companies throughout all of our businesses, including the Precision Equipment and Glass Businesses. We also conducted anti-trust law training at 18 Group companies in Japan	○	P55
	Develop educational materials on harassment prevention that respect culture of each region	Educational materials on harassment were revised and additional materials created in Japan. The current education materials were also determined to be appropriate for use after taking into account the educational status in each region because educational materials shared globally were found to be unsuitable	○	P52
Respect for human rights and labor practices, and promotion of diversity in the workforce	Achieve the objective of raising the female ratio in management positions to 5% (by March 31, 2017)	- In March 31, 2016, the proportion of females in management positions increased from 3.6% (March 31, 2014) to 4.7% by roughly one point.	○	P124

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

Priority issues	Targets	Results	Self-evaluation	Corresponding page
Respect for human rights and labor practices, and promotion of diversity in the workforce	<p>Implementation of the following measures in order to disseminate the five mutual objectives "Core Competencies," including the "power to accept diversity," throughout the Nikon Group</p> <ul style="list-style-type: none"> - Organization of a photography contest around the theme of Core Competencies - Incorporation of a Core Competencies' assessment into the Nikon assessment structure 	<ul style="list-style-type: none"> - Introduction of a photography contest at 70 Nikon Group companies and selection of five prize-winning images in each core competency (total of 25 pictures) from the total of 1,485 entries - Revision of the personnel evaluation system of the Nikon Corporation and introduction of assessment based on competency on October 1, 2015 	○	P117
Promotion of community contribution activities	Set up KPI in order to concretely promote the community contribution activities' policy	Self-evaluations were implemented to check if each community contribution activities were in line with the policy and promoted, and set its executing ratio as KPI. Start measurement from year ended March 31, 2017	○	P138
Promotion of CSR activities in the supply chain	Green procurement: A total of 309 certified partners	A total of 347 certified partners	○	P102
	CSR procurement: - Expand visibility and penetration of the new CSR Survey Standards - Select procurement partners with a high level of priority and introduce surveys to more than 200 companies. Examine corrective measures based on those results and implement those measures	<ul style="list-style-type: none"> - Introduction of explanatory sessions to raise awareness of new standards (897 companies) - Conducted surveys to refine procurement partners (207 companies) and implemented corrective activities at 13 companies based on the survey results 	○	P103
	Dealing with the issue of conflict minerals: - Conduct an effective investigation by designing a survey questionnaire delivering and gathering system based on the Internet - Research and Totalization along with OECD Guidance	<ul style="list-style-type: none"> - Creation of data collection applications and implementation of efficient surveys - Survey the refined targets following the OECD Guidance and implementation of data collection for the purpose of risk assessment 	○	P105

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

Targets for the Year Ending March 31, 2017 [Summary]

Priority issues	Targets
Development of a CSR infrastructure	The awareness level of the CSR newsletter in Nikon Group employees both inside and outside of Japan: over 70%
Expansion and promotion of environmental management	For environment-related targets, please refer to the Environmental Action Plan.
Implementation of compliance activities	<ul style="list-style-type: none"> - Introduce anti-bribery education at Nikon Group companies while starting the operation of anti-bribery guidelines. - Establish and penetrate competition law training globally.
Respect for human rights and labor practices, and promotion of diversity in the workforce	<ul style="list-style-type: none"> - Achieve 5% female ratio in management positions (by March 31, 2017). - Attain a 25% or higher female ratio in regular recruitment at Nikon (employment activities in year ending March 31, 2017).
Promotion of community contribution activities	<p>Encourage the employees to participate in community contribution activities and set employee participation as KPI.</p> <p>Promote the implementation of self-evaluations to encourage activities following the community contribution activities' policy. Target: Implementation ratio 90%</p>
Promotion of CSR activities in the supply chain	<p>Green procurement: A total of 375 certified partners</p> <p>CSR procurement:</p> <ul style="list-style-type: none"> - Support corrective action of risk-having companies - Conduct CSR survey (200 companies) to select risk-having companies and take corrective measures (auditing three companies/corrective plans for ten companies) <p>Dealing with the issue of conflict minerals:</p> <ul style="list-style-type: none"> - Formulation of internal regulations in-line with OECD Guidance

Dialogue with Stakeholders

The Nikon Group is fostering two-way communication with its stakeholders through various means and opportunities.

Major Means of Communication with Stakeholders

Stakeholder	Communication methods
Customers	<ul style="list-style-type: none"> - Call center and service counter - Responses to customers by the departments in charge of sales and services - Sharing information via the website and other methods - Exhibitions, events, etc.
Shareholders	<ul style="list-style-type: none"> - General shareholders' meetings - News releases and public announcements via mass media and other methods - Publishing various types of printed materials including NIKON REPORT, and interim/yearly reports - Sharing information via the website and other methods - Financial results briefings - Responding to inquiries from SRI rating agencies, etc.
Employees	<ul style="list-style-type: none"> - Sharing information via the in-house magazine, the intranet, and other methods - Labor and management conferences, conferences with employee-elected representatives - Reporting/Consulting System - Monitoring Group companies and conducting employee awareness surveys on human rights and labor practices, etc.
Business partners	<ul style="list-style-type: none"> - Dialogue through everyday business activities - Inspections of procurement partners' sites and feedback on the results - Briefings and questionnaire surveys for procurement partners - Confirming the establishment of environmental management systems (surveys/audits), etc.
Society	<ul style="list-style-type: none"> - Participation in local events - Cooperation with NGOs and NPOs in social contribution and other activities - Participation in economic and industry organizations - Consultations with governmental agencies, etc.

List of CSR Affiliated Organizations

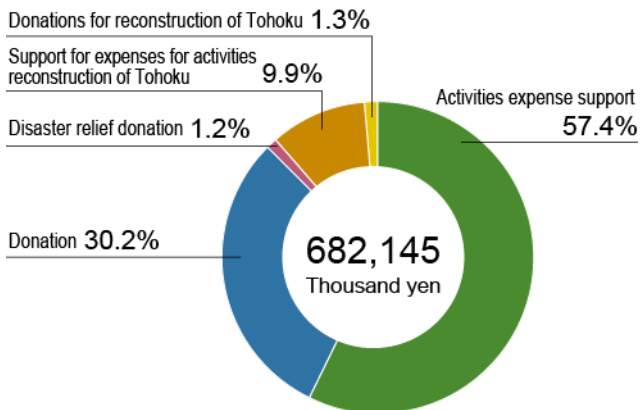
Organization Name
Council for Better Corporate Citizenship (CBCC)
Global Compact Network Japan
Business Ethics Research Center (BERC)
Japan NGO Center for International Cooperation (JANIC)
Conflict-Free Sourcing Initiative

List of Main Donations and Supporting Organizations in Community Contribution Activities (Year ended March 31, 2016)

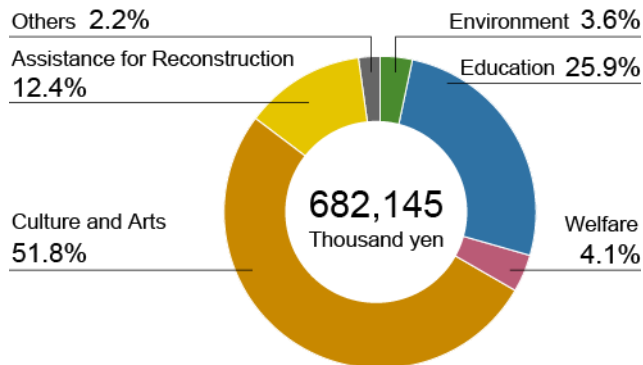
Organization Name
Earthwatch Institute
OISCA
Japanese Foundation for Cancer Research
Japan International Cooperation Agency
Japan Association for the United Nations World Food Programme
Shanti Volunteer Association
Museum of Astronomical Telescopes
Japan Students Services Organization
The Nature Conservation Society of Japan
The Japanese Red Cross Society
The Mitsubishi Foundation
Education for Development Foundation Japan

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

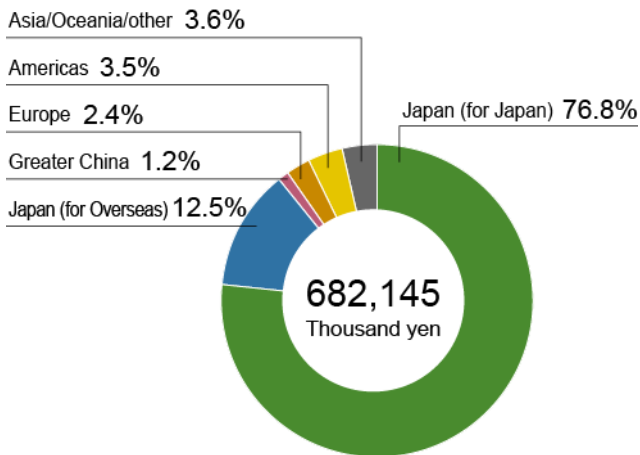
Community Contribution Expenditure (Year Ended March 31, 2016) Breakdown by Configuration



Community Contribution Expenditure (Year Ended March 31, 2016) Breakdown by Field



Community Contribution Expenditure (Year Ended March 31, 2016) Breakdown by Region



Political Contribution

Year ended March 2016	0 yen
-----------------------	-------

Approach to UN Global Compact

The Nikon Group agrees with and supports the 10 principles of the UN Global Compact*.

CSR Activities of Nikon and the UN Global Compact

The ten principles for human rights, labor, the environment, and anti-corruption in the UN Global Compact are common issues the international society face for sustainable development of the society. These principles are the standards to promote CSR at Nikon for the Nikon Group employees of each region in the world who have different cultures and social backgrounds. The

Nikon Group is engaging in CSR activities that are based on the principles and publishing CSR newsletters with articles related to the principles for all employees and are promoting employee's CSR awareness..

* United Nations Global Compact

The UN Global Compact was announced by the then UN Secretary-General Kofi Annan at the World Economic Forum (Davos Conference) in 1999, and was officially launched at the UN headquarters in New-York in 2000. It is composed of ten principles in the areas of human rights, labor, environment and anti-corruption, and supportive companies are requested to embrace and implement these principles.

Major Achievements during the Year Ended March 31, 2016 Related to the Ten Principles of the UN Global Compact

	Policy	Jurisdictions	Achievements (activities and/or monitoring)
Common	CSR Charter	CSR Committee	Communicated CSR information (including the UN Global Compact) to all Nikon Group employees through CSR newsletters
Human rights/Labor	CSR Charter	CSR Committee	Conducted surveys to monitor human rights and labor in the Nikon Group companies
	CSR Procurement Standards	Supply Chain Subcommittee	Conducted surveys to procurement partners based on the Nikon CSR procurement standards and introduced auditing and requested submission of improvement plans based on those analysis results
	Policy on Conflict Minerals	Conference for Conflict Minerals	Conducted surveys on conflict minerals for procurement partners
Environment	Basic Environmental Management Policy	Environmental Committee	Expanded the environmental management system to the whole Nikon Group, and implementation activities in accordance with the Environmental Action Plan
	Green Procurement Standards	Supply Chain Subcommittee	Conducted surveys and audits of procurement partners related to environmental management systems
Anti-bribery	Anti-Bribery Policy	Business Conduct Committee	Created guidelines for the anti-bribery policies with versions for the Americas, Asian, and Korean regions (then every region has the guideline versions completed for all regions)

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

The Ten Principles of the UN Global Compact

Human Rights

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: Principle 2: make sure that they are not complicit in human rights abuses.

Labour

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: the elimination of all forms of forced and compulsory labour;
- Principle 5: the effective abolition of child labour; and
- Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: undertake initiatives to promote greater environmental responsibility; and
- Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.





Stakeholder Evaluation

Nikon Group is doing its best to keep good communications with its stakeholders and reflect their ideas and opinions in its CSR activities. The following are evaluations by our outside stakeholders.

SRI Index Inclusion

Socially responsible investment (SRI) considers not only a company's financial standing and potential for growth but also its social responsibility. There are many SRI mutual funds being managed worldwide.

SRI Index Inclusion (As of January 31, 2017)

SRI Index	Selected	Overview
FTSE4Good Index Series  FTSE4Good	Since 2004,	FTSE Group, co-owned by The Financial Times and London Stock Exchange, creates and manages the social responsibility investment indices: FTSE4 Good Index Series.
Morningstar Socially Responsible Investment Index (MS-SRI) 	Since 2010,	The Morningstar Socially Responsible Investment Index (MS-SRI) is the first socially responsible investment index in Japan. Morningstar Japan K.K. selects 150 companies from among approximately 3,600 listed companies in Japan by assessing their social responsibility, and converts their stock prices into the index.
ECPI Ethical Index Global 	Since 2011,	ECPI is a company based in Italy and Luxembourg, and produces research, ratings and indices on companies' ESG (Environmental, social and governance) performance.
Ethibel EXCELLENCE 	Since 2013,	"Ethibel Investment Register" is an investment universe of Forum Ethibel that consists of companies with high performance in terms of corporate social responsibility.
MSCI Global Sustainability Indexes	Since 2014,	The indexes include companies with high ESG ratings in their industry sectors.
RobecoSAM Sustainability Award Industry Mover 2017 	2017	RobecoSAM Sustainability Award Industry Mover is an award given to companies that achieved both scores of top 15 % and the largest proportional improvement within their industries in RobecoSAM's annual Corporate Sustainability Assessment.

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

Rating Evaluation

In March 2016, Nikon acquired the highest-level of certification for the environmental rating of the Development Bank of Japan and received financing based on that assessment. Additionally, Nikon was awarded a special prize only for companies with an outstanding rating assessment and high-level model.

The DBJ environmental rating evaluates environmental management based on a screening system (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.

Furthermore, an award ceremony was held at the Nikon Corporation head office in May of that same year.



Award presented by DBJ Managing Executive Officer Makoto Anayama (left)
Corporate Vice President Tsuneyoshi Kon (right)

Other Outstanding Achievements

■ Year ended March 31, 2016

- Nikon Precision Inc. (United States) was selected for the Gold Award in the Fit-Friendly Worksite program of the American Heart Association (November 2015)
- Selected as one of the companies listed in the Competitive IT Strategy Company Stock by the Japanese Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange (May 2015)
- Received the Intellectual Property Achievement Award from the Commissioner of the Japan Patent Office (April 2015)
- Three Nikon products received the Red Dot Award: Product Design 2015 (April 2015)

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

Corporate Governance

Amid continued globalization of the business environment, the Nikon Group is working to enhance the relationship of trust it enjoys with its stakeholders by increasing management efficiency and transparency and strengthening its corporate governance organization.

Corporate Governance Organization

■ Nikon Group Corporate Governance Guideline

The Nikon Group's basic policies and views on corporate governance are defined in the Corporate Governance Guideline.

Nikon Group Corporate Governance Guideline

Revised on June 29, 2016

Nikon's Philosophy

The Nikon Group aims to contribute to sustainable development of society founded on its corporate philosophy "Trustworthiness & Creativity," an everlasting theme of the Group.

Basic views on corporate governance

- Based on its corporate philosophy, the Nikon Group will carry out highly transparent management through fulfilling its fiduciary responsibilities towards shareholders as well as responsibilities towards stakeholders including customers, employees, business partners and society, etc., 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, through improving management efficiency and transparency and further strengthening the supervisory function over management in light of the purposes of Japan's Corporate Governance Code.

1. Ensuring the interest and equal treatment of shareholders

(1) Respect for the rights of shareholders

While respecting legitimate exercise of shareholder's rights, the Company ensures effective equality among shareholders. In addition, the Company recognizes the exercise of voting rights at the General Shareholders' Meetings as important rights of shareholders, and will develop an appropriate environment for the exercise of rights at the General Shareholders' Meetings.

(2) Basic capital policy

The Company will continue its investments in the medium-to-long term growth strategies, while maintaining its financial soundness by generating operating cash flow and carrying out optimal financing. For the purpose of shareholder return, the Company will distribute dividends linked to the

corporate financial performance, based on the basic concept of long term and stable return of profits to shareholders, while ensuring sufficient internal reserves for the future business development.

(3) Policy on cross-shareholdings

For the purpose of smooth operation of business, reinforcement and maintenance of business relationships, facilitation of financial activities, etc., the Company may conduct cross-shareholdings within the extent necessary for enhancing its corporate value from a medium-to-long term perspective. With respect to major cross-shareholdings, results of verification of their economic rationality including dividends as well as future prospect, shall be reported to and discussed at the Board of Directors on a regular basis.

The voting rights associated with such cross-shareholding shall be appropriately exercised based on the perspective of whether it will contribute to the Company's shareholder value as well as enhancement of the investee's corporate value over the medium-to-long term.

2. Appropriate cooperation with stakeholders other than shareholders

Under the corporate philosophy, the Nikon Group will strive to appropriately cooperate with stakeholders including employees and other corporate personnel, customers, business partners, creditors and local communities.

Under the Nikon Corporate Social Responsibility (CSR) Charter, which represents the basic views towards the Nikon Group's corporate social responsibility, the Nikon Group will strive to engage in sound and fair corporate activities, in order to gain the trust of stakeholders. The Group will also strive to penetrate and establish awareness of corporate ethics among the officers and employees of the Nikon Group by clarifying the standards of behavior under the Nikon Code of Conduct, so that officers and employees of the Nikon Group may act sensibly in compliance with laws and regulations as well as the internal rules and with a high sense of ethics.

The CSR Committee is established for the purpose of development, education and enlightenment as well as monitoring

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

of CSR awareness, under which the Business Conduct Committee engages in the activities for ensuring compliance, fairness and soundness of the corporate behavior on a regular basis. In addition, the Nikon Basic Environmental Management Policy is established and the Environmental Committee will promote environmental protection activities in order to pass down a sound environment to the next generation and to enable sustainable development of society.

Reporting/consulting hotlines such as the "Code of Conduct Hotline" will be established and operated to ensure compliance across the Nikon Group, through preventing and rectifying acts which violate social norms and/or corporate ethics. Persons who provided information via the reporting/consulting hotlines will not be subject to any disadvantageous treatment because of such reporting.

3. Full disclosure

The Company, under its corporate philosophy "Trustworthiness & Creativity," makes it a basic stance to carry out active and fair disclosure of its corporate information. The Company will promote activities to further enhance understanding about the Nikon Group among shareholders and investors, by widely providing information on its management stance and business activities, as well as products and technologies, while complying with the timely disclosure regulations of the Tokyo Stock Exchange.

4. Responsibilities of the Board of Directors, etc.

(1) Board of Directors

i) Roles of the Board of Directors

The Board of Directors supervises management by directors and assumes the decision-making functions on the matters prescribed under laws and regulations, and 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 the executive directors and officers while ensuring prompt decision-making and management by the executive directors and officers, the Company specifically sets out the matters subject to deliberation at the Board of Directors in the criteria for matters subject to deliberation and report at the Board of Directors. For example, the Board of Directors makes decisions on matters concerning important management, 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.

ii) Composition and the size of the Board of Directors

The Board of Directors maintains adequate number of members to ensure its effectiveness. The composition will be well-balanced overall by including directors with diverse knowledge and experience in the areas such as finance, accounting and legal compliance, as well as directors with in-depth knowledge about the business of the Nikon Group.

In addition, two or more independent external directors are appointed in order to further strengthen the supervisory function of the Board of Directors.

iii) System for operating, gathering information, and supporting the Board of Directors

The Company strives to provide appropriate and necessary information to directors for effectively fulfilling their roles and responsibilities. Meanwhile, at the meetings of the Board of Directors, the Company carries out prior distribution of relevant materials to the attendees of the meetings of the Board of Directors, and advance briefing to external directors as necessary, to ensure constructive discussion and exchange of opinions.

iv) Analysis of effectiveness of the Board of Directors

The Company has been carrying out reviews as appropriate with a view to enhancing the overall effectiveness of the Board of Directors, while receiving useful suggestions from external officers. For further enhancement of the effectiveness, the Company will continue to carry out reviews on the methods, etc., for effective analysis and evaluation.

(2) Audit and Supervisory Committee

i) Roles of the 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. For such purpose, Audit and Supervisory Committee members regularly attend the important meetings such as the meetings of the Board of Directors and the Executive Committee, and conducts audits and supervision over the management and directors.

ii) Composition and the size of the Audit and Supervisory Committee

The Audit and Supervisory Committee shall maintain an adequate number of members, within five members as prescribed in the Articles of Incorporation, to ensure highly effective audits and supervision. In addition, for the purpose of further enhancing independence and neutrality of the audit system, the majority of the Audit and Supervisory Committee shall be comprised of independent external directors.

(3) Policies and procedures for appointing officers

i) Policies for appointment

The Company appoints candidates for directors from among those who understand the management environment of the Company and who can contribute to 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 meet the trust of society as members of the Board of Directors. Furthermore, the Company appoints external director candidates from among those with either wealth of

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

knowledge and experience, etc., as executives of other companies, or expertise and experience, etc., as specialists such as attorneys and certified public accountants, and who are qualified to take part in management supervision function from a fair and objective standpoint independent from management.

The Company appoints officer candidates from among those with a broad perspective, wealth of experience, leadership, and capabilities to promote reforms in their respective area of responsibilities, while possessing the ability to strategically fulfill their capabilities to contribute to the improvement of business performance.

ii) Criteria for determining independence of external directors

In addition to the requirement for external directors under the Companies Act, the Company judges that an external director candidate is independent if he/she does not fall into any of the following requirements.

- a) The candidate serves or had 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 the said major shareholder.
- d) The candidate had served in the past at a company whose directors are concurrently serving as the Company's external director 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 had served in the past at said 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 fall into either of the following.

- (1) A client or supplier with whom the Company has transaction that falls into the following, in any of the past three years
 - a party which receives payment from the Company equivalent to 2% of the party's consolidated net sales or 100.0 million yen, whichever the greater
 - a party which makes payments to the Company equivalent to 2% of the Company's consolidated net sales or 100.0 million yen, whichever the 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)

iii) Procedures for appointment

Nomination of director candidates, as well as appointment of officers are decided, after making detailed explanation about the career profile, expertise, etc., of each candidate at the Board of Directors, followed by careful deliberation with independent external directors. Nomination of candidates for directors who are Audit and Supervisory Committee members is subject to the prior consent of the Audit and Supervisory Committee.

iv) Successor of chief executive officer, etc.

The Company recognizes the systematic training for the successors of its chief executive officer, etc., as a task with utmost importance in achieving its sustainable growth. The training is carried out responsibly by the President and Representative Director under the supervision of the Board of Directors including external directors.

(4) Policies on the training of directors

In order to promote further understanding about the roles and responsibilities of directors, as well as to contribute to their advancement through acquiring the necessary knowledge and updating it as appropriate, the Company organizes study sessions inviting external experts such as attorneys, as lecturers on a regular and continuous basis.

Furthermore, the Company regularly implements review sessions on its important issues and reports on the business status of the Company, in order to promote effective utilization of the expertise of external directors as well as free and constructive deliberation. Through these measures, the Company supports external directors in further enhancing their understanding about the business, finance, organization, etc., of the Company, in order to receive appropriate advice from them.

(5) Related party transactions

Upon conducting transactions with related parties, the Company will follow appropriate procedures in advance as listed below, to avoid harming the common interest of the Company and its shareholders.

- Make resolutions at the meetings of the Board of Directors as appropriate, in consideration of the importance, etc., of a transaction.
- Exclude officers, etc., with special interest from resolution.
- Verify whether a transaction is carried out under common terms and conditions.
- Seek opinions from external directors, etc., as appropriate.

(6) Compensation system

Compensation system is based on the following policies and procedures.

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

i) Basic policies

Executive compensation will be determined to satisfy the following basic matters.

- Executive compensation should motivate executives to sustainably improve values of companies and shareholders, as well as enhance willingness and morale
- Executive compensation should keep, cultivate and reward excellent personnel
- The decision process for the compensation system should be objective and transparent

ii) Compensation system and performance-based structure

a) The compensation system for full-time directors (excluding directors who are Audit and Supervisory Committee members; hereinafter the same shall apply) and officers is comprised of the following items. The distribution ratio for compensation is determined by changing the percentages of fixed monthly compensation and performance-based compensation according to positions and duties.

- "Fixed monthly compensation"

Monetary compensation not based on performance.

- "Bonuses"

This monetary compensation is based on the degree of accomplishment and qualitative assessment of the consolidated net sales and consolidated operating income 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. Furthermore, if the target value of the consolidated operating income is below a certain level, the amount of the standard payment is adjusted downward.

- "Performance-based stock compensation"

Stock compensation is determined within the range of 0% to 150% in accordance with achievement of consolidated net sales and consolidated operating income, etc. for the final fiscal year of the Medium Term Management Plan to be resolved per each three fiscal years with the aims of sharing value with shareholders and enhancing willingness and morale for improvement of medium- and long-term performance.

- "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 improvement of long-term performance, within the range not exceeding 5% of the share dilution ratio.

b) The compensation system for non-full-time directors and external directors consists only of "fixed monthly compensation."

iii) 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 consists of the representative directors, external directors and external experts, and discusses on establishment of executive compensation policies, consideration of the compensation system and specific calculation method. Based on the results of the discussions, compensation of directors who are not Audit and Supervisory Committee members is determined by a resolution of the Board of Directors, and compensation of directors who are Audit and Supervisory Committee members is determined by consultation at the Audit and Supervisory Committee.

5. Dialogue with shareholders

(1) Constructive dialogue with shareholders

The Company aims to hold constructive dialogue with shareholders, and appoints an officer in charge of this initiative, while collecting and sharing information through cooperation among relative departments within the Company as appropriate. For the purpose of dialogue with shareholders, senior management or responsible officers of the Company will attend meetings with shareholders, as far as reasonably practicable, and opinions, etc., obtained from such occasion will be shared among the senior management. Any insider information will not be expressed in said meetings, in accordance with the internal rules of the Company.

The Company will also enhance information sharing through such means other than meetings, including briefing sessions for institutional investors and individual investors, and provision of information through the Company's website, etc.

(2) Formulation and announcement of management strategies and management plans

The Company formulates the Medium Term Management Plan, clarifying the earnings projection, basic capital policy and priority measures, etc., with the aim of increasing its corporate value over the medium-to-long term, which is explained in detail at the briefing sessions for investors as well as on the Company's website, etc.

6. Revision and abolition of the Guidelines

Revision and abolition of the Guidelines will be made subject to the resolution of the Board of Directors.

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

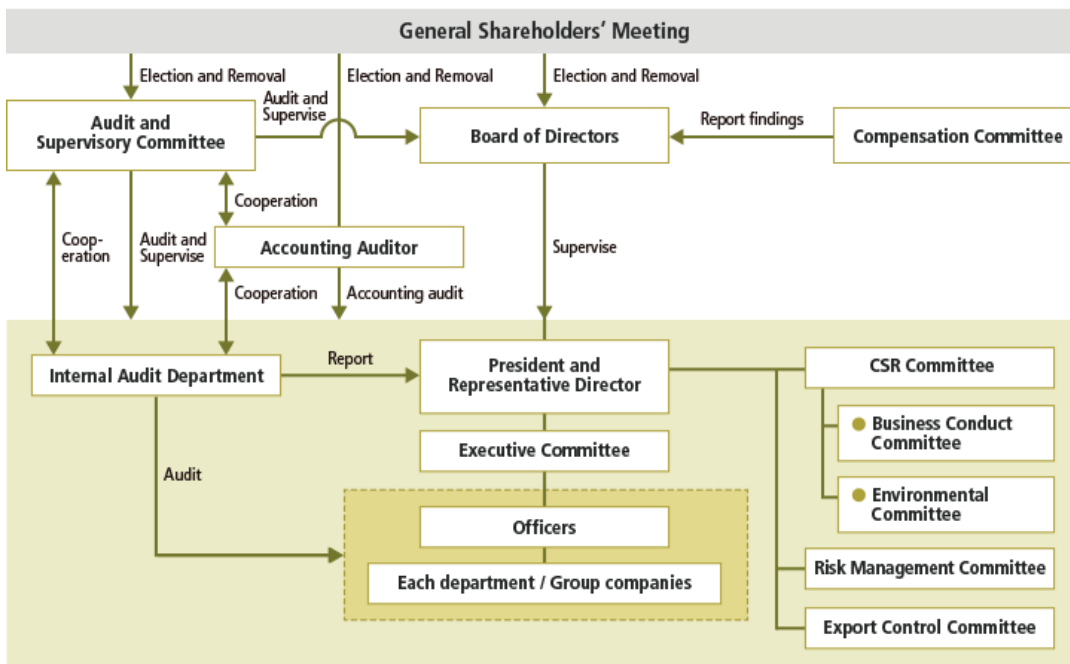
■ Management System

In an aim to further enhance corporate governance, the Company transitioned to a company with an Audit and Supervisory Committee, subsequent to the approval at the 152nd Annual General Shareholders' Meeting held on June 29, 2016. Through this transition, the Company will strive to clarify management responsibility and streamline decision-making by delegation of authority, while further strengthening the supervisory function of the Board of Directors.

Number of Directors (As of June 29, 2016)

Category	Number
Directors, other than those who are Audit and Supervisory Committee members	9 (including 1 external director)
Directors, and Audit and Supervisory Committee members	5 (including 3 external directors)

Nikon's Corporate Governance Organization (As of June 29, 2016)



Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

■ Compensation for Directors and Corporate Auditors (Year ended March 31, 2016)

Category	Monthly compensation		Subscription rights to shares granted as stock-related compensation		Bonuses		Total	
	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 (External directors out of all directors)	11 (2)	319 (20)	8 (—)	108	7 (—)	65 (—)	11 (2)	493 (20)
Corporate auditors (External corporate auditors out of all corporate auditors)	5 (2)	71 (20)	—	—	—	—	5 (2)	71 (20)
Total	16	390	8	108	7	65	16	564

* The number of persons shown above includes one director (excluding external directors) and one corporate auditor (excluding external corporate auditor) who retired at the conclusion of the 151th Annual General Shareholders' Meeting held on June 26, 2015.

* The issued amount of stock-related compensation above is the amount of recorded expenses for that fiscal year of compensation related to the subscription rights to shares assigned to directors (excluding non-full time and external directors).

■ Amount of remuneration, etc. for Accounting Auditor (Year ended March 31, 2016)

Accounting Auditor	Category	Payment amount
Deloitte Touche Tohmatsu LLC	Total amount of remuneration, etc. of Accounting Auditor during the fiscal year under review	93 million yen
	Total amount of money and other properties which the Company and its subsidiaries should pay in remuneration of Accounting Auditor for their services to the Company and its subsidiaries during the fiscal year under review	282 million yen

■ Appointment of Females and Non-Japanese to Directors and Officers (As of the end of March 2016)

Category	Number of female	Number of non-Japanese
Nikon Corporation	0	0
Group companies*	3	35

* The breakdown of the number of directors is given below. Cases of directors or officers serving in concurrent posts are included in the number of directors but not in the number of officers.

* For overseas Group companies, all local positions equivalent to director, corporate auditor, and officer are included in the total.

Females Directors: 1; corporate auditors: 1; officers: 1

Non-Japanese Directors: 28; corporate auditors: 3; officers: 4

■ Attendance at Meetings of the Board of Directors and Board of Corporate Auditors by External Directors and External Corporate Auditors (Year ended March 31, 2016)

Category	Name	Board of Directors Attendance	Board of Corporate Auditors Attendance
External directors	Kenji Matsuo	12 of 13	—
	Koukei Higuchi	9 of 13	—
External corporate auditors	Haruya Uehara	13 of 13	11 of 11
	Hiroshi Hataguchi	13 of 13	11 of 11

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

Internal Control System

■ Basic Policy on Internal Control System

The Nikon Group's basic policy on its internal control system was established based on Japan's Companies Act and its Ordinance for Enforcement (enacted May 2006) as a structure for ensuring appropriate business operations.

Basic Policy

Revised on June 29, 2016

We believe that the reinforcement of our company's corporate governance plays a pivotal role in achieving "a fair and transparent management deserving of stakeholders' confidence", and we intend to increase its effectiveness by improving the quality of our internal controls. We acknowledge that the achievement of effective and efficient business processes, the credibility of financial reports, the compliance with relevant laws and regulations, and the preservation of company's assets at our company and its subsidiaries (hereinafter the "Group") are the management's responsibility. Accordingly, we will prepare and refine a framework, including our internal regulations as well as our organization, to ensure fair business activity in compliance with the Japanese Companies Act and implementing regulations of the said Act.

1. A framework to ensure that performance of duties of directors, etc. and employees of the Group is in compliance with relevant laws and regulations as well as the articles of incorporation

- (1) We have established the "Nikon CSR Charter", which shows the Group's basic stance on corporate social responsibility. Additionally, the "Nikon Code of Conduct" defines the standards of behavior to ensure sensible conduct by directors and employees of the Group, based on a high level of morality, pursuant to relevant laws and regulations as well as internal regulations. Through the "Nikon Code of Conduct" and "Nikon CSR Charter", we aim to permeate and establish awareness of corporate ethics among directors and employees of the Group.
- (2) Putting special emphasis on a social responsibility-oriented management, we established the "CSR Committee", which aims at fostering, educating as well as disseminating CSR awareness. Established as its sub-committee, the "Business Conduct Committee" regularly performs its function to ensure legitimate, fair, and sound corporate behavior. Finally, CSR Department integrates and promotes activities pertaining to CSR of the Group, while Administration Department

integrates and promotes activities pertaining to corporate compliance.

- (3) Regarding elimination of anti-social forces and groups, we have defined our basic policy and standards in the "Nikon CSR Charter" and the "Nikon Code of Conduct". Additionally, we are establishing a system to liaison with attorneys and police forces, to take steadfast action as an organization.
- (4) The "Basic Policy on internal control over financial reporting" has been established to ensure credibility of financial reporting by the Group. Frameworks to enable the foregoing are being prepared and improved.
- (5) Internal Audit Department has been established as an independent organization, reporting directly to the President. This Department examines whether operations within the Group are conducted in compliance with relevant laws and regulations as well as internal rules, and when necessary, makes recommendations as to how such operations can be improved.
- (6) Structures are established and administered at the each Group company in order to fully implement compliance within the Group and prevent or correct behaviors that violate social rules or corporate ethics. The "Code of Conduct Hotline" is being created as the report/consultation system in this respect.

2. A framework to ensure an efficient performance of duties, etc. by directors of the Group

- (1) At our company and domestic subsidiaries, the executive officer system provides a clear definition of the authority and responsibility in performance of an officer's duty, resulting in quick decision-making as well as an efficient performance of the officer's duty.
- (2) Rules of authority clearly define the scope of authority and responsibility for each post as well as each organization within the Group, to ensure organized and efficient performance of duties.
- (3) Organizations such as the "Executive Committee", the "Conference for Business Issues", as well as other committees and meeting bodies are established at our

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

company to enable efficient decision-making and performance of duties for the Group by directors of our company. Among such organizations, the Executive Committee primarily consists of full-time directors, deliberates about and resolves major issues regarding management, general internal controls, and guidelines about general operations of the company's business, in accordance with the basic direction of management as determined by the Board of Directors. Major issues are reported to the Executive Committee by each department.

- (4) In accordance with our corporate philosophy of "Trustworthiness & Creativity", management targets of the Group are defined within annual plans as well as within the Medium Term Management Plans, and implemented as specific measures. In order to achieve annual targets, management of operations is carried out through divisional organization. The regularly held "Conference for Business Issues" examines business issues and responses to them. The achievement level of annual targets is evaluated and validated based on the "Achievement Evaluation System".

3.A framework aimed at preservation and control of information relating to the performance of duties by directors of our company

- (1) Information regarding resolutions, decisions, and reports pertaining to performance duties by directors of our company are preserved in documentary format and until such time as provided in the "Rules of the Board of Directors", the "Rules of the Executive Committee", and the "Nikon Group Information Management Rules". The information control system is designed to allow access, when needed, from directors, as well as accounting auditors.
- (2) As for security of information, Information Security Division has been established as an organization reporting directly to the President. The Division controls centralized management for information management within the Group and manages coordination and reinforcement of an information management framework within the Group. Further, the common rules in the Group are being established and these rules intend to make definitions of the access level per category and relevance, password control, measures for preventing leaks, manipulations and destructions of proprietary information and other matters generally and thoroughly known by employees and directors within the Group.

4.A framework including rules concerning risk of the Group loss management

- (1) In accordance with our recognition of identification, assessment, and control of risk factors potentially affecting operations and business continuity as critical issues, we have established the "Risk Management Committee" and are developing a

framework to appropriately control risks surrounding the Group.

- (2) We have prepared and implemented manuals and rules pertaining to fields such as corporate ethics, protection of personal information, environmental control, quality control, export control, insider trading prevention, and disaster prevention, which reinforce the management framework concerning prevention of loss within the Group.
- (3) A framework is in place whereby Internal Audit Department audits the Group about its risk management, evaluates its effectiveness, and reports to the Board of Directors through the representative director when necessary, so that corrective measures can be implemented.

5. A framework regarding reporting to our company of matters related to performance of duties by directors of subsidiaries

A framework is being placed for important matters at subsidiaries to be reported and decided upon by our company.

6. Implementation of matters concerning employees assisting the Audit and Supervisory Committee of our company, matters concerning these employees' independence from other directors (excluding directors who are Audit and Supervisory Committee members), and a framework to ensure effectiveness of instructions given to these employees by the Audit and Supervisory Committee

- (1) Several employees, acting under supervision and orders of the Audit and Supervisory Committee of our company, are appointed as dedicated assistants to the Audit and Supervisory Committee, in order to ensure an efficient procedure of the Audit and Supervisory Committee as well as to ensure the increased effectiveness of the audit.
- (2) Transfer of the assistants or evaluation of the assistants' performance requires prior agreement by the Audit and Supervisory Committee, to ensure independence of such employees from other officers.

7. A reporting framework for directors of the Group to the Audit and Supervisory Committee of our company, for other reporting to the Audit and Supervisory Committee of our company, and to ensure that reporting parties do not receive negative treatment as a result of such reports

- (1) An Audit and Supervisory Committee member of our company has the authority to attend major meetings. This ensures that the Audit and Supervisory Committee members have opportunities to constantly understand the status of operations and the decision-making process of the Group.
- (2) A framework is being developed to ensure appropriate and effective reporting to the Audit and Supervisory Committee of our company regarding facts that can potentially cause damage to our company, information obtained through the

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

reporting/consultation system concerning corporate compliance, or items to be reported at the Audit and Supervisory Committee as previously agreed with directors.

- (3) Internal Audit Department reports the status of internal audit as well as the results of the audit to the Audit and Supervisory Committee of our company. The Audit and Supervisory Committee of our company requests, if necessary, further investigations by Internal Audit Department.
- (4) We ensure that parties who make reports to the Audit and Supervisory Committee of our company do not receive negative treatment, including rules in place within the "confidentiality rules of the Code of Conduct Hotline" to forbid retaliation against parties that make reports to the "Code of Conduct Hotline", the report/consultation system.

8. Matters regarding policies related to processing expenses or liabilities arising from performance of duties by Audit and Supervisory Committee members of our company (limited to performance of duties regarding the Audit and Supervisory

Committee)

Audit expenses for Audit and Supervisory Committee members of our company are budgeted annually to a certain amount, and for necessary audit expenses, our company makes payments that are in excess of the budget, pursuant to laws and regulations. Additionally, our company also makes payments, as required, for expenses required to appoint outside specialists.

9.A framework to ensure effective audit by the Audit and Supervisory Committee of our company

- (1) While ensuring independence of the Audit and Supervisory Committee of our company from management functions, this framework enables Audit and Supervisory Committee members of our company to hold regular meetings with the representative director in order to exchange opinions regarding issues to be dealt with by the company, or important tasks pertaining to audits, and to make necessary requests, consequently deepening the mutual understanding between them.

Internal Audits

We have established the Internal Audit Department as an internal audit function, which is independent from any business or operations departments. The Internal Audit Department reports directly to the President and, based on audit plans for each fiscal year that have been reported to the Executive Committee after approval by the President, audits the systems and their operational status of the Nikon Group (including non-consolidated subsidiaries), examining whether the operations of each department are conducted in compliance with relevant laws and internal rules, as well as whether risks are being appropriately managed. It also makes recommendations as to how such operations can be improved. In the year ended March 31, 2016, four theme audits and subsidiary audits covering the entire operation processes have been performed.

The Internal Audit Department also supervises the entire evaluation of "the Internal Control Reporting System" (J-SOX) stipulated under the Japanese Financial Instruments and Exchange Act as well as conducts assessments of the effectiveness of the internal control system from the perspective of the Companies Act.

In addition, for auditing the overseas group companies, internal audit sections have been established at each of the regional holding companies in Europe (Netherlands), the Americas (United States), and the Asia and Oceania region (Hong Kong). Each of these sections performs audits and J-SOX evaluations of their local companies from an independent standpoint, supervised by the Internal Audit Department of Nikon Corporation. Under this globalized internal audit system, which covers four world regions including Japan, we work to implement even more effective audits on a global scale.

The results of the internal audits for the Nikon Group are all submitted to the President and the directors concerned and follow-up or additional surveys are to be conducted as appropriate. A summary of the results of the annual audit activities is submitted to the Executive Committee and the Board of Directors.

A close cooperation is also established with the Audit and Supervisory Committee to share the result of internal audits and have periodic meetings.

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

■ Implementation of an Internal Control Reporting System

An Internal Control Reporting System based on the Financial Instruments and Exchange Act, was introduced as of April 2008 with the aim of ensuring the credibility of financial reporting. The Nikon Group conforms to the fundamental framework for internal controls indicated by the standards of the Financial Services Agency in order to implement this system and has established and applied internal controls related to the credibility of financial reporting.

Specifically, we are evaluating the effectiveness of the design and operation of company-level internal controls at all consolidated subsidiaries of the Nikon Group as well as equity-method affiliates. Based on the same system, the effectiveness of process-level internal controls (including sales, purchasing, manufacturing, accounting, and IT) is also evaluated for Nikon Corporation and major Group companies both in and outside Japan, as required by the law. We annually review our business operations based on the evaluation results.

We have prepared early responses at companies that are part of our consolidation due to M&A as well as new companies that are established, and performed evaluation of company-level design and operation control effectiveness for ensuring the credibility of financial reporting as of the year ended March 31, 2016.

We continued to work toward the simplification for the higher efficiency in assessments in the year ended March 31, 2016 while maintaining the validity of financial reporting and the effectiveness of internal control in main business processes for our assessment methods. We will keep aiming to establish an optimized business method.

Moreover, the Nikon Group has established an internal evaluation qualification certification system required for the internal control of business process evaluators since the year ended March 31, 2014 in order to build a sustainable internal control system. We also worked to cultivate more trust and human resource education by implementing education for new candidates of the Nikon Group in Japan as well as performing certifications for evaluators that achieved the designated standard in year ending March 31, 2016 for replacements of evaluators.

Risk Management

We carry out comprehensive risk management and implement measures for the continuous advancement of the Nikon Group.

Risk Management System

To properly respond to risks that might critically impact corporate management, the Nikon Group has created the Risk Management Committee, which is chaired by a senior executive vice president, made up of Executive Committee members, and served by Administration Department as the secretariat, as a supervising body of risk management. For the year ended March 31, 2016, total of two Committee meetings were held, one in October 2015 and the other in March 2016. In addition, the Risk Management Committee is managing all risks, but specialist subcommittees are in charge of risks requiring technical support and devise detailed responses. Business-specific risks are responded to at the respective business division level.

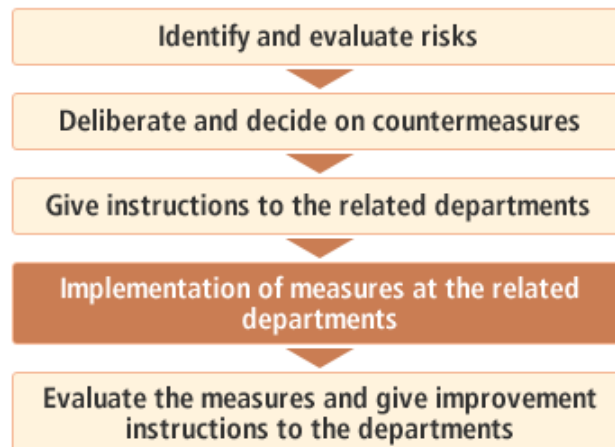
Main Activity Themes of the Risk Management Committee in the year ended March 31, 2016

- Promotion of information security
- Competition Law Training
- BCM rule revision

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	Anti-bribery
Environmental Committee	Environmental issues in general (climate change, chemical substances management, supply chain)
Export Inspection Committee	Avoid violation of Foreign Exchange Law, security risk management
Bioethics Review Committee	Bioethics

Risk Management Flow of the Risk Management Committee



Risk Assessment

The Nikon Group conducts risk identification surveys to gain an overall insight into the risks potentially affecting the Group. In the year ended March 31, 2016, the Nikon Group continued to conduct a survey targeting not only equivalent to department manager level or above and presidents of domestic and overseas Group companies, who had been surveyed, but also Nikon Corporation personnel at section manager level. Taking a companywide perspective, a risk assessment is then performed to identify, analyze and evaluate the replies collected after compilation and adjustment, to create a risk map that shows the level of influence and probability of each risk.

With regard to cases evaluated as high risk, we study measures for mitigating those risks. The risk map is also continually updated and the subsequent changes visualized. In addition, we have implemented analyses for recognizing the differences in awareness of risks in different employment levels in the year ended March 31, 2016. The results are reported to the Risk Management Committee.

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

BCM*¹ Activities Measures

The Nikon Group has formulated BCPs*² in preparation for large-scale disasters and other emergencies and is reviewing those BCPs every year.

Our emergency response capabilities, including the installation of emergency power generators at the Nikon head office, have been reinforced and emergency goods have also been stockpiled for a growing workforce in the year ended March 31, 2016. Furthermore, we examined the flow of actions in emergencies that corresponds to various disasters by primarily reviewing our initial response, including actions for regular employees while re-evaluating the standard actions of emergency personnel to increase the viability of the BCM standards at the Nikon Group.

We are also furthering our production of English guidance for the purpose of building awareness and sharing emergency response and the basic philosophy of BCM activities throughout the entire Group, including companies overseas.

*1 BCM (Business Continuity Management)

Management activities in normal times such as the establishment, maintenance and revision of a BCP, implementation of proactive measures, education and training, inspections and continual improvement.

*2 BCP (Business Continuity Plan)

A plan describing the policy, systems, procedures, etc. by which enterprises can avoid suspension of their critical business or can recover the critical business quickly if it is interrupted, even when contingencies arise, including natural disasters such as major earthquakes, communicable disease pandemics, etc. or they can recover business quickly if their business is interrupted.

Risk Management for Information Assets

We have built a sophisticated 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.

■ Information Assets Management Policies

We have established the “Nikon Group Information Security Policy”.

Group companies in Japan have applied the “Nikon Group Information Management Rules” according to it.

Group companies overseas have also established their own rules complying with the policy and they are implementing concrete measures.

 Nikon Group Information Security Policy (PDF: 39KB)

http://www.nikon.com/about/sustainability/management/security_policy.pdf

■ Information Management System

We have placed President of Nikon as the superintendent of information management and established the Information Security Division to propose measures toward information management throughout the entire Group and work to implement as well as maintain these systems. Specifically, we have set up organizations to promote and control information management at each division of Nikon, the headquarters, and each Group company. We have assigned the heads of each organization as the supervisor of information management. They should strive for comprehensive and appropriate information management based on the guidance of the Information Security Division.

■ Protection of personal information

The Nikon Group has established the “Nikon Group Privacy Protection Policy” based on the belief that dealing with personal information in a proper manner is an important social responsibility. We provide education to all of our employees, dispatched workers and contractors while implementing necessary and appropriate safety control measures based on

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

this policy and other rules related to information management. Nikon Imaging Japan Inc., which deals with a lot of personal information from customers, has obtained certification under the “PrivacyMark System”^{*1} in Japan. In the United States, Nikon Inc. has obtained certification for the “Payment Card Industry Data Security Standards (PCI DSS)”^{*2}.

*1 PrivacyMark System

This is a registered trademark recognized by the Japan Information Processing Development Center (JIPDEC), given to companies that meet the fixed requirements concerning personal information protection

*2 PCI DSS (Payment Card Industry Data Security Standards)

This is the credit card industry's security standards made by the five major credit card companies (American Express, Discover, JCB, Master Card, VISA)

■ Information security education

The Nikon Group promotes awareness and effectiveness among employees by not only knowledge of the policies and rules but specific examples in our education programs. We have distributed the “Nikon Group Information Security Handbook” to employees to make sure that every one of them understands the importance of information asset management and complies with the rules with strong awareness. We also continue providing e-Learning to each department and Group company.

We provided e-Learning around the theme of learning from cases of information security accidents for employees (including employees of contractors) of the Nikon Group in Japan in the year ended March 31, 2016. This was also started to be expanded to Group companies in Asia in April 2016. In addition, we are planning training that uses e-Learning and quarterly journals in Europe and the Americas.



Information-security e-learning 2016

■ Information security audit

The Nikon Group periodically conducts internal audits to improve information security level. We have conducted audits of 20 departments in Nikon and 11 Group companies in Japan under the theme of personal information. We confirmed related issues such as education of the person in charge and management of outsourcing contractors. We plan to conduct audits focusing on external storage media and “My Number (like Social Security Number)” management in the year ending March 31, 2017.

Responses to Country-specific Risks

As the Nikon Group expands its business on a global scale, its employees work in many different countries. The number of employees who are working outside Japan is increasing, as is the number of group company employees in each country who are transferred abroad or taking overseas business trips. Accordingly, we are localizing our risk management systems so that we can appropriately manage the risks specific to each country and region.

■ Crisis Management for Terror Threats

We are further strengthening initiatives to respond to terrorism at the Nikon Group in response to incidents such as the large-scale terrorist attacks on Paris in November of 2015. Nikon is building awareness by sending informational emails for warnings about terrorism to overseas risk management supervisors and introducing visual education about terrorism at crisis management seminars for employees scheduled to be appointed overseas.

■ Risk management for employees dispatched to foreign countries

In 2008, the Nikon Group formulated risk management rules for employees dispatched to foreign countries to ensure the safety of employees, whether they are dispatched from Japan or from another country. Specifically, we collect risk information from experts on country-specific risks, from the Japanese Ministry of Foreign

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

Affairs, and from our local Group companies in each country. For countries with high potential risks, including emerging economies and politically unstable regions, we actually visit the areas to collect the latest information, which is then provided to relevant employees. We also set and update security levels for each country in light of local situations, based on which we regulate employee business trips and give evacuation orders. In addition, we are advancing the introduction of systems for checking the safety of people on overseas business travel. We began the operation of a system for the centralized management of information about employees on business trips at Nikon Group companies in Japan. We are also further developing systems for checking the safety of people on overseas business trips at our overseas Group companies.

■ Crisis Management Courses

Nikon holds crisis management seminars for all employees scheduled for appointment overseas, which we tailor to each individual in order to provide the necessary local knowledge. Furthermore, we implemented measures to combat terrorism through specialized external organizations to increase knowledge about crisis management of the Crisis Management Secretariat of the Human Resource Department in the year ended March 31, 2016.

Efforts for Security and Export Control

Japan and other major countries conclude international treaties and establish international framework (export control regime) to maintain international peace and security. Nikon implements its export control in cooperation with the international society.

■ Basic Policy

The Nikon Group is committed to security and export control, not only for the sake of compliance with laws and regulations, but also for the purpose of maintaining international peace and security. Nikon Corporation and Group companies in Japan have established internal compliance program on export control with the following basic policy on security and export control. Our Group companies outside Japan comply with the relevant country's laws and regulations on export control.

1. For the export of controlled goods, the provision of controlled technologies, the brokerage of goods and the brokerage of

technology, we shall not engage in any conduct that violates the Foreign Exchange and Foreign Trade Act or any laws, regulations, ordinances or official notices based on this Act (hereinafter referred to as "Foreign Exchange Laws, etc.").

2. For the purpose of complying with Foreign Exchange Laws, etc. and conducting appropriate export control, we shall designate a person responsible for security and export control, and we shall develop and enhance our systems for export control.

Efforts for Security and Export Control



■ Security and Export Control Operations

Technical experts entrusted with duties internally determine whether the goods fall under controlled goods based on basic policies and internal regulations at the Nikon Group companies that are involved in operations such as export from Japan.

We confirm that aspects such as whether the goods can be used for the development of weapons of mass destruction or conventional weapons even if goods do not correspond with those regulated by law.

We apply for approval in cases approval by the Minister of Economy, Trade and Industry is necessary, following the necessary internal procedures for exports.

We formulate internal regulations that follow the laws and ordinances of each country and common Nikon Group rules even at overseas group companies conducting operations such as exporting. We strive to prevent these exports from becoming round-about export or part of dealings with customers of concern.

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

■ Utilization of AEO Program*

In 2007, Nikon was certified as an AEO exporter under the Authorized Economic Operator (AEO) Program*. Certification of AEO exporter is given by the Japanese Customs to enterprises with excellent security control and compliance systems 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

In the year ended March 2016, we conducted trainings for all the Nikon Group employees (28 training courses with 538 participants in total) to improve employees' knowledge and understanding of export control.

We maintained and strengthened our export control system by formulating the export control rules for Group company in Australia that began to export controlled goods in addition to implementing export control audits at 17 divisions of Nikon as well as 14 Group companies in and outside of Japan. Furthermore, we confirmed management is appropriate for controlled goods (machine tools, etc.) at each overseas production site.

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

Compliance

In order to engage honestly with society's trust, we established a cross-Group promotion structure based on our corporate philosophy "Trustworthiness and Creativity," and we are striving to make the entire Nikon Group aware of compliance.

Our Concept of Compliance

The Nikon Group defines compliance as meeting the expectations of stakeholders and earning their trust by not only complying with laws and regulations, but also conducting sound and fair business activities that conform to corporate rules and social norms.

We recognize that it is the foundation of Nikon's CSR promotion for every employee to deeply understand and implement the concept of compliance.

■ Nikon Code of Conduct

The Nikon Code of Conduct sets the standards of behavior to ensure that each and every individual at Nikon can make proper judgments and act ethically and in accordance with Nikon's rules and with laws and regulations, reflecting an awareness of compliance in his or her regular business activities.

Since its establishment in 2001, the Nikon Code of Conduct has been revised several times to respond with flexibility to the changing time. During the revision in April 2011, we put more emphasis on global CSR perspectives, and compiled issues

such as fair transactions, human rights, CSR procurement, and anti-corruption in an easily understandable manner, based on ISO26000, the international standards regarding social responsibility. Currently, the Nikon Code of Conduct is available in 19 languages and is distributed to employees as the unified code of conduct of the Nikon Group companies all over the world.



Educational booklet distributed in Japan

Nikon Code of Conduct

(Established May 1, 2001, revised April 4, 2011)

Introduction

- What is the Nikon Code of Conduct?

The Nikon Code of Conduct sets the standards of behavior for Company directors and employees. By following the code, we conduct activities in compliance with all applicable laws and other standards of ethical conduct to practice the Nikon Corporate Social Responsibility (CSR) Charter.

While the Nikon Corporate Social Responsibility (CSR) Charter describes Nikon's basic policy on social responsibility, implementation of the Nikon Code of Conduct by everyone will help to promote our social responsibilities.

- Scope

The Nikon Code of Conduct applies to all directors and employees of Nikon, as described below. "Nikon" as mentioned herein refers to Nikon Corporation and both its domestic and international subsidiaries, and "we" refers to all directors and employees of Nikon. Other affiliate companies are recommended to apply the Nikon Code of Conduct itself or its contents.

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

1. Sound corporate activities

(1) Compliance

- ① We will make every effort to understand and comply with corporate rules, and applicable laws and regulations, governing the conduct of our business in various countries.
- ② We constantly endeavor to understand applicable laws related to our business and, when necessary, consult with relevant corporate departments, specialists, administrative authorities, etc.

(2) Integrity

- ① We will make every effort to comply with applicable rules, operate in a sincere appropriate manner, and strengthen our corporate competencies.
- ② We try to control and manage company assets including facilities, equipment, funds, information, intellectual properties and software appropriately to prevent misplacement, theft, damage, etc. We will not use company assets for private or fraudulent purposes.
- ③ We will not engage in any activities that damage Nikon's reputation or financial interests in order to benefit ourselves or third parties.
- ④ We cooperate in maintaining social order, and will not engage in antisocial, disruptive activities.

(3) Fair Competitions and Transactions

- ① Based on the principle of fair and open competition, we promote competing vigorously in the marketplace, but it is our policy to do so by fully complying with all antitrust and other competition laws of governments in applicable countries.
- ② We may not enter directly or indirectly into any formal or informal agreement with competitors that fixes prices, allocates markets, eliminates competition, or otherwise unreasonably restrains trade.
- ③ We exchange legitimate contracts with our customers, suppliers, etc., and adhere to those contracts.

(4) Appropriate Purchasing/Procurement with Suppliers

- ① We select our suppliers appropriately and fairly. We base our supplier relationships on lawful, efficient and fair practices.
- ② We will not exploit our position in business relationships to force onto our suppliers certain unethical conditions or disadvantages, engage in fraudulent activities, or seek personal gain.

- ③ We also expect our suppliers to adhere to compliance, business ethics, product quality and safety, human rights protection, fair labor practices, health and safety, environmental preservation, information security, etc., and promote socially responsible behavior within our supply chains.

(5) Information Management

- ① We manage business information including personal information appropriately in accordance with their degree of confidentiality to avoid loss and unauthorized disclosure.
- ② We take every reasonable precaution to keep confidential information confidential. The obligation to protect our confidential information continues even after employment terminates. We will not use such information for our own purposes.
- ③ We obtain personal information only for legitimate business needs. We will not use obtained personal information for any other purpose other than as originally specified.

(6) Protection of Intellectual Property Rights

- ① We respect the intellectual property rights of third parties. We obtain intellectual property information from third parties using legitimate and appropriate methods. We consult with specialist or other designated section concerning necessary licenses or approvals to use such intellectual property.
- ② We cooperate in establishing, protecting and utilizing corporate rights in all Nikon intellectual property assets.

(7) Export Control

- ① We conduct international transactions which are subject to export control laws and regulations.
- ② We need to know, understand and comply with related export control laws and regulations, as well as corporate rules, upon export of hardware (such as products and components), and upon transfer of technical information controlled by export regulations.

(8) Insider Trading Prevention

We will not engage in insider trading of securities based on confidential information not available to the general public.

(9) Entertainment and Gifts

- ① We comply with related laws and regulations regarding provision/receipt of entertainment and gifts to/from our customers, suppliers, etc., and engage in such practice to the extent necessary and reasonable under social norms. We will not provide or receive entertainment and gifts within the Nikon group.

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

- ② We will not provide entertainment and gifts to a supplier, vendor, customer, or any other person in exchange for assistance or influence, or upon the understanding that such assistance or influence has been or will be rendered, in connection with any business transaction affecting the company. Similarly, we will not accept entertainment and gifts from suppliers, vendors, customers or other persons under circumstances which may be interpreted as potentially influencing a decision involving a business transaction.
- ③ We will report to our superiors on all provision/receipt of entertainment and gifts, except for gifts of nominal value that are normal and customary given the business circumstances.

(10) Relationships with public authorities

- ① We are committed to maintain sound and sincere relationships with domestic and international public authorities and public service personnel, to comply with related laws and regulations, and to strive to avoid corruption. Should the possibility of violation of related laws or regulations arise, we will immediately report the situation to our superiors and take appropriate measures.
- ② We take every care to avoid behavior that might raise suspicions of bribery.

2. Provision of valuable goods and services for society

(1) Understanding Expectations and Demands

- ① We contribute to society by actively communicating with our stakeholders to understand their expectations and demands, and by providing to society useful products and services reflecting such expectations and demands.
- ② We try to respond to inquiries and requests fairly and promptly. We are committed to providing useful and accurate information in an easy-to-understand form to stakeholders to enable them to make sound decisions and judgments.

(2) Safety and Security

- ① We take the utmost care in the quality and safety of our products and services.
- ② We provide user-friendly instructions and other information so that our products and services may be used safely. Should safety issues arise, we will follow prescribed rules to promptly implement appropriate measures such as product recalls, and simultaneously make efforts to prevent recurrence.

3. Respect for Human Beings

(1) Respect for Human Rights

- ① We are dedicated to equal employment opportunity. We are committed to compliance with applicable employment laws everywhere we operate, including applicable international human rights laws and regulations. We do not tolerate unlawful harassment and discrimination, but respect the unique individuality of each and every person.
- ② We will not engage in any forced labor or child labor and request our suppliers to follow suit.

(2) Comfortable and Safe Working Environment

- ① We mutually accept different opinions and values, provided they do not unlawfully infringe on the rights of others, and work together as one to create a working environment where we can all perform at our best.
- ② We comply with laws and regulations related to labor as well as health and safety to ensure a comfortable and safe work environment.

4. Protection of the Natural Environment

- ① We conduct environment-oriented business operations, and work to increase environmental awareness in order to contribute to a sustainable society.
- ② We strive to reduce environmental burdens in all stages of our business operations—from procurement of raw materials to development, manufacturing, logistics, sales, use, services, and finally disposal—and provide environmentally friendly products and services.
- ③ We not only comply with environmental laws and regulations, but also actively strive for appropriate use and management of chemical substances, waste reduction, etc. We also make assertive efforts to reduce CO₂ emissions, such as implementing energy-efficient facilities and energy conservation.
- ④ We strive for resource conservation, efficient use, re-use and recycling so as to realize sustainable use of limited resources.

5. Responsibility to Society as a Corporate Citizen

- ① As members of Nikon, we try to understand and respect the cultures and customs of each country and region in which we do business.

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

- ② We understand and actively cooperate with Nikon's basic philosophy on social contribution activities.

6. Transparent Operating Activities

- ① We promote fair and open communication with our stakeholders. We try to disclose useful and proper information in a timely manner to further the interests of the parties.
- ② We follow appropriate accounting practices based on facts to realize timely and proper information disclosure. We will not engage in inappropriate accounting practices to secure profits, achieve sales budgets, fulfill budgeted expenses, or for any other reason.

7. Responsibility of Top Management

- ① Executives and organization supervisors will take the initiative in complying with this Code, and strive for thorough compliance with this Code, within its pertinent organizations.
- ② Executives and organization supervisors will operate pertinent organizations objectively and fairly, and actively promote communication among its members.
- ③ Should violations or potential violations of this Code be reported to the company, executives and the organization supervisors will immediately investigate the facts, resolve, as appropriate, and take measures to prevent recurrence.

Closing

- Consequences of Violation

Violation of the Nikon Code of Conduct may result in disciplinary actions by the company, up to and including termination of employment and/or in proceedings by government authorities, etc.

- Reporting/Consulting System

If you become aware of a violation or a potential violation of the Nikon Code of Conduct, please report it immediately to or consult with your immediate superior. When reporting to or consulting with your superior is difficult, please report to the Reporting/Consulting Office or designated section/person of your company.

Personal information of the reporting or consulting individual will be managed appropriately, and the individual will receive neither disadvantageous treatment nor retaliation because of the reporting or consulting.

- Establishment, Revision, Discontinuance

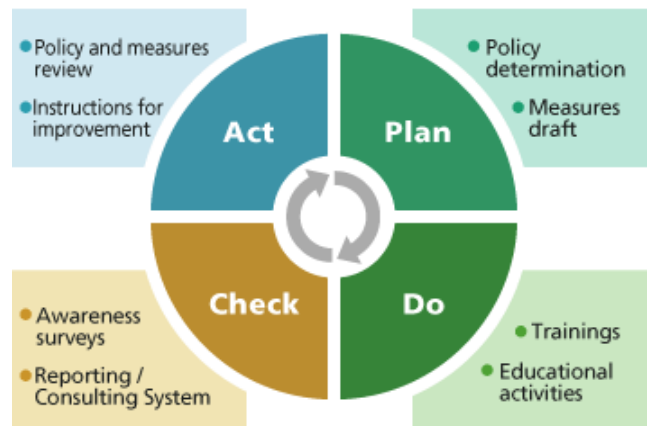
Establishment, revision and discontinuance of the Nikon Code of Conduct shall take place first with a proposition from the chair of the Business Conduct Committee, next an application to the Executive Committee of Nikon Corporation, and then a final decision. Minor changes will be decided by the Business Conduct Committee chair.

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

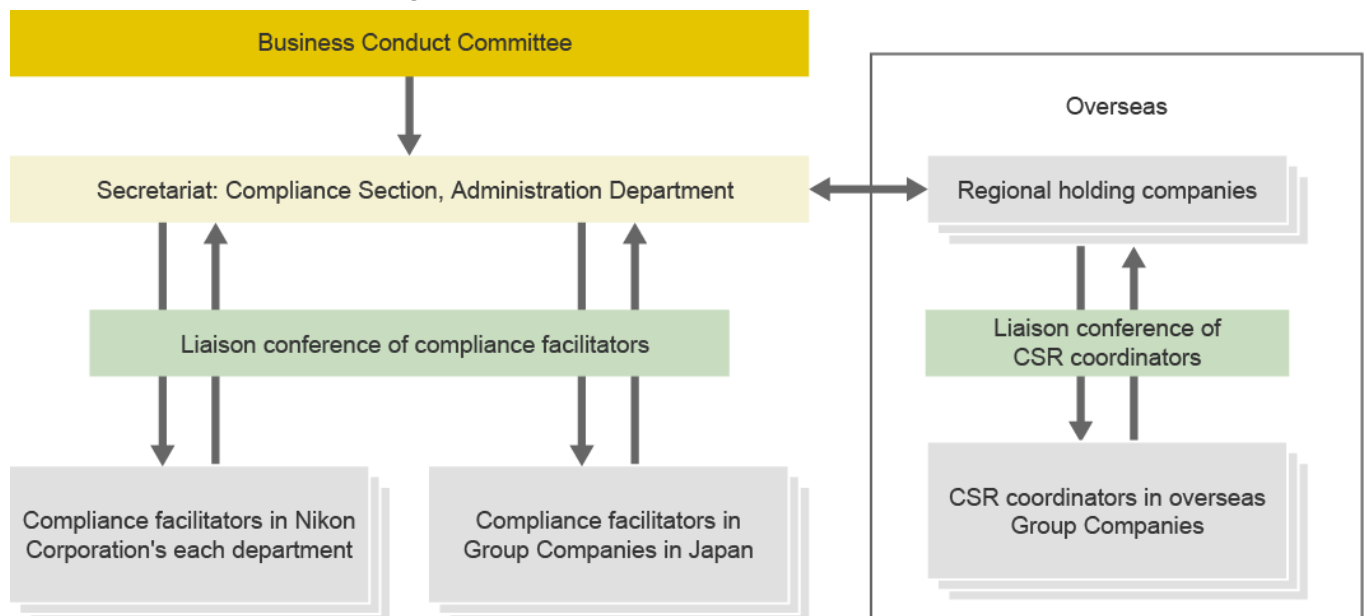
Compliance Promotion

The Business Conduct Committee, chaired by the Senior Executive Vice President of Nikon Corporation, performs the functions of deliberation and decision-making regarding measures on important issues for compliance promotion. The Compliance Section of Nikon Corporation's Administration Department, designs and develops the measures based on regional promotion situations and issues, in cooperation with CSR sections of each regional holding company. Moreover, in order to implement highly effective compliance promotion activities, we periodically hold CSR coordinators liaison conferences. During these conferences, we reinforce global activities by hearing CSR coordinators' opinions directly and sharing the knowledge of culture business, customs and regulations of each country and region. We have consolidated the compliance promotion PDCA both in and outside Japan.

PDCA Cycle of Compliance Promotion



Compliance Promotion Structure Diagram



Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

■ Reporting/Consulting System

The Nikon Group has established the Code of Conduct Hotline as a central system for employees of the Nikon Group in Japan (including three non-consolidated Group companies). The Code of Conduct Hotline is installed as a contact window through internal (Compliance Section) and external specialist firms.

Group companies outside Japan also have their own reporting/consulting hotlines. In the Americas, an external hotline has also been established with the help of an external specialist firm. In addition, we have completed the implementation of a unified contact window through an external specialist firm in Europe and conducted awareness raising and education activities for this new contact point in the year ended March 31, 2016.

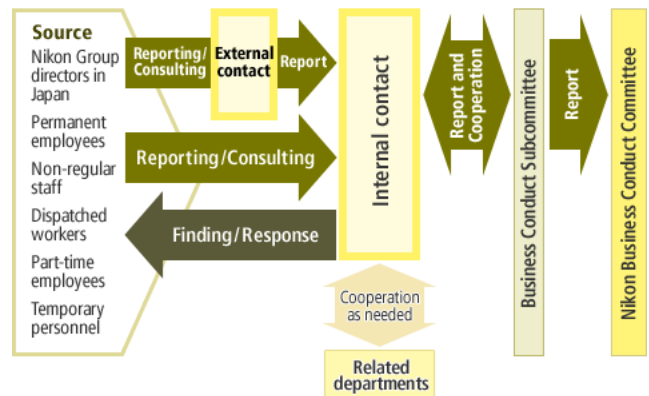
The Hotline received 42 inquiries from Nikon Group companies in Japan and 6 inquiries from overseas Group Companies. These included 25 consultations from Nikon Group companies in Japan and 5 consultations from overseas Group Companies concerning human rights, harassment, and labor issues.

As a general rule, the Hotline collects information from consulters as well as persons concerned, and develops solutions by linking to the relevant departments and conducting follow-up as necessary after objectively understanding the issues.

This hotline is operated to be fully in-line with human rights, such as protecting privacy and preventing disadvantages resulting from consulting.

We are gaining trust for our systems to connect to a greater number of consultations both inside and outside of Japan by implementing and clearly operating an in-house consulting system. Furthermore, we are putting systems in place to understand every detail, conduct our own response, and solve the issues even for inequitable conduct inside of the Nikon Group.

Code of Conduct Hotline Diagram



Compliance Promotion Activities

At the Nikon Group, in order to implement highly effective compliance promotion activities, we conduct consistent Group activities, while taking into account regional characteristics, in cooperation with persons responsible for compliance promotion of each company and with CSR sections of the regional holding companies.

■ Providing All Group Employees with Compliance Education

In order to ensure compliance of top management and all employees, we are implementing training sessions through e-learning as well as group training conducted by facilitators of all departments and companies in and outside Japan. Specific overseas education activities emphasize local characteristics and regional holding companies overseas are taking the lead.

We conducted education with harassment as the theme at all of our Group companies in Japan in the year ended March 31, 2016. We have held education in the past about harassment, but we have created and revised our education materials by referring to the overall information site for power harassment measures created by the Ministry of Health, Labour and Welfare. We plan to introduce further education for basic issue of compliance in the year ending March 31, 2017.

The awareness about harassment issues differs according to each region including overseas. We have researched whether materials exist in each country and the content of those materials because globally consistent education is difficult. As a result, we have confirmed harassment prevention education

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

material that reflect the culture and laws of each region are prepared. In the future, we will continue education in each country and region by using the applicable education materials. We are also distributing a CSR newsletter to all employees of the Nikon Group in fifteen languages. It takes up compliance related news reported around the world and explains the thinking on compliance in the Nikon Group. Also, the members of the Compliance Section at the Administration Department and members of the CSR sections at regional holding companies participated in external seminars to improve their understanding and take in the latest information about compliance.



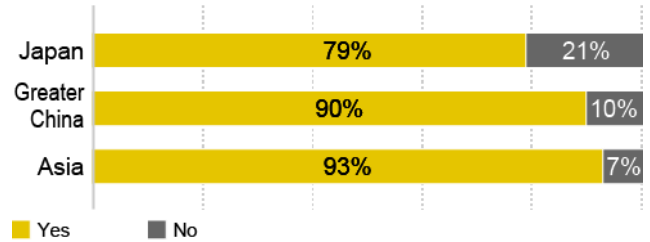
CSR newsletter

■ Global Awareness Survey

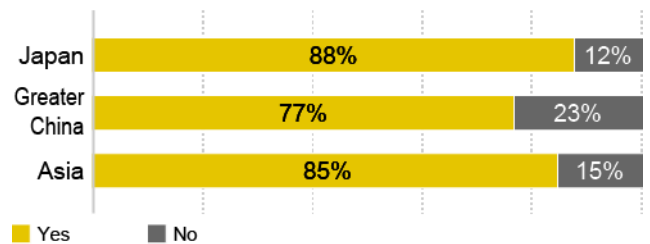
The Nikon Group conducts monitoring on a global scale through awareness surveys among its employees to understand the degree of penetration of our Corporate Philosophy and awareness of the Code of Conduct, as well as the implementation of compliance education. The results are then reflected in the development of promotional activities. At a Business Conduct Committee meeting in December 2015, the awareness survey's results were reported, including inter-regional and interannual comparison. All companies outside Japan received feedback on their results from regional holding companies to establish a compliance promotion PDCA cycle in all regions.

Results of the Employees Awareness Survey

Q. Do you know the Nikon Anti-Bribery Policy?



Q. Heavy fines are given to corporations that violate the competition law but did you know that resale price maintenance is prohibited by the competition act?



Survey outline

Country/region	Frequency	Implementation period	Number of respondents
Japan	9 times	October 2015	11,445
Greater China	5 times	September 2015	1,431
Asia	3 times	September 2015	2,217

* Paper-based survey for some manufacturing plants of manufacturing subsidiaries in Japan.

* Surveys at manufacturing companies outside Japan limited to employees with computer access

* Surveys were not implemented in Europe, the Americas, and Korea in the year ended March 31, 2016 to make the implementation period for global awareness surveys consistent.

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

Efforts for Bribery Prevention

The Nikon Group has clarified its zero tolerance approach toward bribery in the Nikon Corporate Social Responsibility (CSR) Charter and the Nikon Code of Conduct. In addition, we endorse the United Nations Global Compact and continued to tackling the issue of eradicating all kinds of corruption. Furthermore, in order to reiterate our anti-bribery commitment both in and outside the company, Nikon established the Nikon Anti-Bribery Policy in 2014.

We have begun the creation of guidelines gathering together business concepts, points of caution, and operational procedures necessary to comply with these policies in the year ended March 31, 2015. We formulated the Nikon Anti-bribery Guidelines that reflect the actual situation in each region with the regional holding company at the heart.

■ Development and Education of the Regional Guidelines

We formulated and issued Guidelines in Japan, China, and Europe in the year ended March 31, 2015 and in the Americas, Asia, and Korea in the year ended March 31, 2016 to fully implement these guidelines in all of the necessary regions.

We have undertaken actions such as confirming the laws of each country, shared common business practices, and existing rules at each company centered upon regional holding companies overseas to formulate viable guidelines. We also interviewed local representatives as part of our risk evaluation process.

Compliance requires understanding of the guidelines to compressively conduct anti-bribery prevention. Therefore, we held awareness and implementation education of guidelines in each region around the regional holding companies in Asia, Europe, and the Americas in the year ended March 31, 2016 (introduced in Japan in the year ended March 31, 2015).

We are proud that the Nikon Group has never been the subject of investigation by any competent authority for corrupt practices due to these initiatives.

* United Nations Global Compact

The UN Global Compact was announced by the then UN Secretary-General Kofi Annan at the World Economic Forum (Davos Conference) in 1999, and was officially launched at the UN headquarters in New-York in 2000. It is composed of ten principles in the areas of human rights, labor, environment and anti-corruption, and supportive companies are requested to embrace and implement these principles.

Nikon Anti-Bribery Policy

(Established April 21, 2014)

Nikon proves worthy of the trust given by society under its corporate philosophy "Trustworthiness and Creativity", and has clarified its zero tolerance approach against bribery in Nikon Corporate Social Responsibility (CSR) Charter and Nikon Code of Conduct.

By establishing this policy, Nikon will fulfill its group-wide commitment to the prevention of bribery in all countries and areas where it conducts business, to enhance the relationship of trust with society.

- Scope

This policy applies to all directors and employees of Nikon ("Employees"). Nikon mentioned herein refers to Nikon Corporation and its subsidiaries.

- Responsibility

Responsibility for compliance with this policy is with top management who will immediately investigate the facts, and take appropriate actions, should any violations or potential violations of this policy occur.

1. Prohibition of Bribery

Nikon prohibits the providing, offering or promising of money, benefit or other advantage ("Benefit"), directly or indirectly, to another person or entity, for the purpose of securing an improper advantage. Nikon also prohibits the accepting or requesting of improper Benefit.

2. Dealing with Public Officials

Nikon will never provide, offer or promise bribes to public and quasi-public officials (including but not limited to officers or staff of national or local governments, government-controlled enterprises, government-controlled hospitals, political parties, etc., "Public Officials"). Nikon will conduct its business activities in compliance with applicable anti-bribery laws and regulations of relevant countries.

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

3. Dealing with Third Parties

Nikon will never provide, offer or promise bribes to Public Officials through third parties such as agents and / or consultants. Nikon will select and assess the third parties from the perspective of anti-bribery compliance before starting business transactions, and requests their pledges against bribery when necessary. When undertaking investment activities, Nikon will perform due diligence including evaluation of bribery risks, of target companies in merger and acquisition transactions or prospective joint venture partners.

4. Accurate Record-Keeping

Nikon will keep accounting books accurately based on facts and maintain related vouchers appropriately, under its sound internal control system, to demonstrate its compliance with this policy and applicable anti-bribery laws and regulations of relevant countries.

5. Risk Assessment and Guidelines

Nikon will assess the bribery risks facing its business as appropriate, and review this policy when necessary. In addition, regional or individual company guidelines will be established by relevant group companies based on this policy.

6. Training and Reporting

Nikon will communicate this policy and applicable guidelines to Employees through education and training, and will require Employees to comply with them. Nikon will develop a reporting framework in order to prevent or correct any violations of this policy or applicable guidelines.

7. Consequences of Violation

Violation of this policy and / or applicable anti-bribery laws and regulations of relevant countries may result in disciplinary actions by the relevant Nikon group company, and may also result in such other action, including legal action, by appropriate government authorities.

8. Revision or Discontinuance

This policy is drafted by the chairperson of the Nikon Business Conduct Committee and approved by the Executive Committee.

Measures to Prevent Competition Laws Infringements

At the Nikon Group, pledges for fair competitions and transactions as set forth in the Nikon Code of Conduct and our basic stance is to conduct fair competitions and transactions by complying with each country's competitions laws. The enforcement on global companies affected by Competition Law has been rigorous in recent years. The Nikon Group has established a communication framework among legal departments to strengthen our legal functions while continuing to promote education as a unified Group because even stricter measures are required.

However, the Vienna branch of Nikon GmbH, which is a subsidiary of Nikon, was informed of a violation to the Competition Law related to the resale price maintenance of the cameras. Thereafter, we have cooperated in all aspects of the investigation to reach an agreement with the authorities through the payment of 170,000 Euros in surcharges in October 2015. We are continuing the education and strengthening our legal

functions to prevent any recurrences as a response to this situation.

■ Expansion of the Competition Law training

At the Nikon Group, we developed our employees' training regarding Competition Law globally during the year ended March 31, 2015 and continued this effort in the year ended March 31, 2016. We introduced education to not only our imaging business, which has a relatively high risk of violating the Competition Law and our microscope solutions business but also our semiconductor device business and glass business by responding to the latest laws and business environments in our education materials of the last fiscal year. We are completing education for 61 companies and approximately 2,000 employees, including non-consolidated Group companies as of the end of March 2016.

We plan to consistently implement education related to the Competition Law in the future.

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

Actions Taken against Violations

The Nikon Group takes strict action against all violations of the work regulations and the Nikon Code of Conduct based on its in-house disciplinary rules after investigating the facts. In the year ended March 31, 2016, disciplinary action against the offender (and their managers/supervisors) was taken in three cases at Nikon Corporation and four cases at Group companies in Japan. In order to prevent the recurrence of similar problems, details of the cases, including the level of disciplinary action, are disclosed internally.

Bioethics

The Nikon Group has established Bioethics Review Committee in September 2014 upon entering the medial field business to fully consider human dignity and human rights when conducting research and developing products. In prior to this, we have formulated Bioethics Review Committee Standards in June 2014 to ensure that the Committee manage human tissue research comply with the ethical standards of the Declaration of Helsinki and various related ethical guidelines, laws and regulations.

The Committee consists from human and social sciences and natural science experts. In the year ended March 31, 2016, two meetings were held to discuss the validity of each research from ethical and scientific standpoints.

Intellectual Property Management

The Nikon Group protects the revolutionary technology, design, and trademarks as well as supports the brand value of products in the market by striving in various efforts related to intellectual property.

Intellectual Property Policy

We recognize that our intellectual properties are the driving force that supports long-term and stable continuation of business and extremely valuable assets of the Nikon Group that contributes to shaping Nikon's brand value that are trusted by our customers.

The Nikon Group also takes actions against any third party who infringes our intellectual property rights to prevent any harm from impacting not only our customers and stakeholders but also ourselves.

Furthermore, the Nikon Group considers that respecting third parties' rights constitutes one of the basic approaches of respecting intellectual property. The Nikon Code of Conduct states that information has to be obtained through legal and fair means.

Intellectual Property System

The Nikon Group has set up the Intellectual Property Division within Nikon Corporation. It works together with the business divisions and the R&D divisions to carry out various activities concerning intellectual property.

Furthermore, we have established the Nikon Group Intellectual Property Policy to execute strategic responses through cooperation and coordination between Nikon and Group companies both inside and outside of Japan in the acquisition, maintenance, and utilization of intellectual property as well as handling of intellectual property disputes.

In addition, the Nikon Group provides training to its employees and researchers to ensure their proper understanding and operations on intellectual property.

Column

Received the Intellectual Property Achievement Award from the Commissioner of the Japan Patent Office

Nikon was selected as an excellent design use company for the Intellectual Property Achievement Award from the Commissioner of the Japan Patent Office in April 2015. The Intellectual Property Achievement Award is an award established for the purpose of celebrating individuals and companies that contributed to the growth of intellectual property right regulations.

Design rights are an intellectual property right to protect designs that are extremely important as assets to manufacturers such as Nikon. We have built a powerful design line-up by working to efficiently file, acquire, and actively use design rights. In addition, we are striving in a wide-range of measures to prevent infringement of our design rights such as the infringement by counterfeit products overseas.

This award is proof of the high praise of efforts Nikon undertakes in its intellectual property activities and connects to further growth by accumulating and using intellectual property rights effectively in the future.



Director and Senior Vice President Hiroshi Ohki (left) accepting the award from Parliamentary Secretary Yoshihiro Seki for Economy, Trade and Industry

Data on Nikon's Intellectual Property

Item	2015 achievements
Number of published patent applications in Japan	1,086 27th → 35th
Number of patent registrations in the United States	250 150th → 137th

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

Nikon Environmental Management

The Nikon Group is conducting activities based on the Nikon Basic Environmental Management Policy in order to pass on a sustainable and healthy planet to future generations.

Basic Approach to Environmental Management Activities

The Nikon Group conducts environmental activities aiming to build a sustainable society based on the Nikon Basic Environmental Management Policy. We have formulated the Nikon Long-term Environmental Vision, the Medium-term Environmental Goals, the Nikon Three-year Environmental Plan

and the Environmental Action Plan and conduct our environmental activities systematically.

We clarify the relationship between the environment and our business activities in order to make an accurate assessment of the impact and risk to the environment and develop environmental goals and plans based on their priorities.

The Nikon Basic Environmental Management Policy

Established April 1, 1992, revised May 24, 2011

1. Basic Philosophy

One of the priorities of Nikon (Nikon Corporation and the Nikon Group) is to foster coexistence and co-prosperity in all regions where its business operates across the world, everywhere on Earth, and even in space. This policy is based on the corporate philosophy of Nikon, "Trustworthiness and Creativity." In all our business activities we are committed to preventing environmental pollution, making effective use of resources, and contributing to building a recycling-based society, thereby protecting and improving the global environment and passing it on to future generations for the sustainable development of society.

2. Basic Approach

As a responsible company, Nikon is committed to assessing its impact on the natural environment and to protecting the global environment, including issues related to climate change and biodiversity. Our commitment is based on the recognition that if companies are to continue to develop, it is essential to solve environmental problems, because in the end this will contribute to the survival of humankind.

We will win the trust and support of society by providing high-quality products that are both people- and earthfriendly, and we will introduce activities across Nikon and at our business partners to achieve this.

3. Action Guidelines

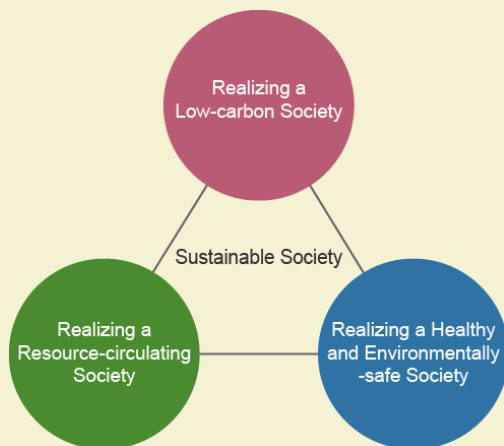
1. We will make every effort to promote reductions of CO₂ and waste emissions, reuse and recycling, while encouraging energy and resource conservation, waste reduction and conscientious waste processing with the goal of creating an environmentally-conscious recycling society.
2. We will perform environmental and safety reviews, including those to conserve biodiversity, at every stage of planning, development and design, in order to provide products that fully comply with environmental protection aims.
3. At every stage of production, distribution, use and disposal, we will actively introduce materials and equipments that are effective in protecting the environment, including conservation of biodiversity, strive to develop and improve technologies in this area, and work to minimize environmental burdens.
4. We will strive to meet targets for reduction of our environmental burdens and use of harmful substances, and continue to improve our environmental management system through environmental audits and other means.
5. We will develop and follow a rigorous code of standards, in addition to complying all environmental conservation treaties, national and regional laws and regulations.
6. We will conduct ongoing education programs to further employee knowledge of environmental issues and promote employee involvement in environmental activities.
7. We will provide business partners with guidance and information to promote optimal environmental protection activities.
8. In cooperation with our stakeholders, we will participate actively in the environmental protection programs of society at large, and actively disclose information.

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

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

Nikon Long-term Environmental Vision

The Nikon Group contributes to building a sustainable society based on the Nikon Basic Environmental Management Policy. We formulated the Nikon Long-term Environmental Vision which aims to achieve three goals: a low-carbon society, a resource-circulating society, and a healthy and environmentally-safe society.



We have formulated the Nikon Long-term Environmental Vision in April of 2016 that look ahead to the next several decades. Physical risks and regulatory risks related to climate change as well as water and other resources are growing globally. The trend is also to tighten relevant laws and ordinances as the demands for management of chemical substances become more stringent. We recognize that responding to these types of risks and regulations is our corporate social responsibility.

■ Medium-term Environmental Goals

The Nikon Group has defined our initiatives up until 2030 in the Nikon Medium-term Environmental Goals to realize the Nikon Long-term Environmental Vision.

We are responding with foresight toward international trends for the realization of a low carbon society. In the Paris Agreement* that was adopted in December of 2015, all participating countries

including the world's largest emitters of greenhouse gases vowed to undertake efforts to combat climate change. The Nikon Group recognizes the risks associated with climate change and works steadily to reduce CO₂. Specifically, we aim to reduce CO₂ emissions throughout the entire supply chain by 26% compared with the fiscal 2013 level. At the same time, we also are striving for technological development that is conducive to climate change measures.

In regard to realizing a resource-circulating society, we recognize the effective use of resources and reduction of waste are our corporate social responsibility considering the characteristics of Nikon's business that uses limited resources to manufacture and sell products.

We believe that operating our businesses in harmony with local communities is necessary for the growth of our business worldwide in regard to the realization of a healthy and environmentally-safe society. The Nikon Group ensures to comply with laws and regulations. We cooperate with people in local communities and contribute to sustaining and improving an environmentally-safe and hospitable environment for the local community.

* Paris Agreement

New international framework to reduce the amount of greenhouse gas emissions from 2020 agreed at the 21st Conference of the Parties (COP21) of the United Nations Framework Convention on Climate Change that was held in Paris December 2015. The agreement stated the pursuit to work to limit climate change to 1.5 degrees Celsius after setting a goal to limit the average rise of temperature worldwide to within 2 degrees as a long-term goal shared worldwide.

> [Feature Articles 2016 II Formulation of Long-term Environmental Vision and Medium-term Goals \(P9\)](#)

Environmental Action Plan

The Nikon Group formulates a plan for the next three years to achieve the Nikon Medium-term Environmental Goals. We have positioned the first year of this three year plan as our Environmental Action Plan and are implementing this plan throughout the entire Nikon Group.

We are also revising our activities based on the issues that are identified while the Environmental Committee deliberates and approves the self-evaluation results.

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

■ Results for the Year Ended March 31, 2016 [Summary]

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

Theme		Goals for the Year Ended March 31, 2016	Results	Self-evaluation	Corresponding
Products Environment	Energy conservation (Prevention of global warming)	- Improve energy efficiency Improve energy efficiency of new products released during the year ended March 31, 2016	- Improved energy efficiency of newly released products	○	P71
	Reduction in the use of hazardous chemical substances	- Maintain 100% compliance for products subject to the RoHS Directive	- Maintain 100% compliance for products subject to the RoHS Directive	○	P94
	Distribution	- Expand the scope of visualization of CO ₂ emissions - Improve the loading ratio of international physical distribution, and promote modal shifts and direct delivery - Continuously carry out measures regarding physical distribution in Japan (eco drive, etc.)	- Expansion of the visualization range: Retrying data acquisition within the Americas and Europe - International logistics: Introduce railway transport between China and Europe - Japan logistics: Continue measures such as eco drive	○	P76
Facility Environment	Greenhouse gas reduction (CO ₂ emissions from energy use)	- Total CO ₂ emissions from Nikon Corporation and Group manufacturing companies in Japan: 133 thousand tons or less - Nikon Imaging (China) Co., Ltd. (NIC) and Nikon (Thailand) Co., Ltd (NTC): More than 9% reduction in the rate of unit of output from the average for the year ended March 31, 2006 to the year ended March 31, 2008	- Nikon Corporation and Group manufacturing companies in Japan: Total emissions 124 thousand t-CO ₂ - NIC, NTC: Reduced by 11.8% in the rate of unit of output	○	P78
	Waste reduction	- Waste from Nikon Corporation and Group manufacturing companies in Japan: Reduce by 1% from the moving average for the recent 3-year period Zero emissions: - Facilities that have achieved level S: Maintain level S - Hikari Glass Co., Ltd.: level 1 - Nikon Imaging (China) Co., Ltd. (NIC): Maintain level 1 - Hikari Glass (Changzhou) Optics Co., Ltd. (HGCZ) and Nanjing Nikon Jiangnan Optical Instrument Co., Ltd. (NNJC): level 2	- Nikon Corporation and Group manufacturing companies in Japan: Reduced by 1.4% from the moving average for the recent 3-year period Zero emissions: - Facilities that have achieved level S: Maintain level S - Hikari Glass Co., Ltd.: Achieved level S - NIC: Maintain level 1 - HGCZ, NNJC: Maintain level 2	○	P87
	Conservation of forest resources	- Nikon Corporation and Group companies in Japan: Reduce the amount of copy/printout paper purchased by 5% compared to the amount of the year ended March 31, 2015	- Reduced the amount by 3.5% compared to the previous year	△	P91
Others	Environmental management system (EMS)	Integrated ISO 14001 certification: - Conduct operations for Nikon Lao Co., Ltd.'s (NLC) certification obtaining	- Start operations for NLC certification	○	P62

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

■ Targets for the Year Ending March 31, 2017 [Summary]

Priority activity themes			Targets for the Year Ending March 31, 2017
Low-carbon society	Facility	Greenhouse gas reduction (CO ₂ emissions from energy use)	- Total CO ₂ emissions from Nikon Corporation and Nikon Group manufacturing companies in Japan: 131 thousand tons or less - CO ₂ - Nikon Imaging (China) Co., Ltd. and Nikon (Thailand) Co., Ltd.: More than 10% reduction in the rate of unit of output from the average for the year ended March 31, 2006 to the year ended March 31, 2008
	Product	Reduction of the environmental load from products (Improvement of resource efficiency)	- Promote environmental impact assessment that uses the LCA methodology
		Measures for logistics	- Expand the scope of visualization of CO ₂ emissions (Asia) - Improve the loading ratio of international logistics, and promote modal shifts and direct delivery (Microscope Solution/Industrial Metrology) - Continuously carry out measures regarding logistics in Japan (eco drive, etc.)
Resource-circulating society	Facility	Waste Reduction (Zero emissions)	- Manufacturing subsidiaries in Japan: Maintain level S - Nikon Imaging (China) Co., Ltd.: Maintain level 1 - Hikari Glass (Changzhou) Optics Co., Ltd. Nanjing Nikon Jiangnan Optical Instrument Co., Ltd. : Establish a level 1 framework
		Waste Reduction (excluding valuable resources)	- Nikon Corporation and Group manufacturing companies in Japan : Not exceed the last three-year moving average of emissions
	Product	Conservation of forest resources	- Promote FSC-certified paper use for paper items with the Nikon logo
Healthy and environmentally-safe society	Facility	Local environmental activities	- Improve participation ratio in local environmental activities - Create activity plans on biodiversity conservation
	Product	Reduction of hazardous chemical substances	- Maintain compliance to hazardous chemical substance laws of each country (RoHS, REACH, etc.)
Others	Environmental management system (EMS)		- ISO 14001 multi-site certification Acquisition of Nikon Lao Co., Ltd. certification

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

Environmental Management Promotion System

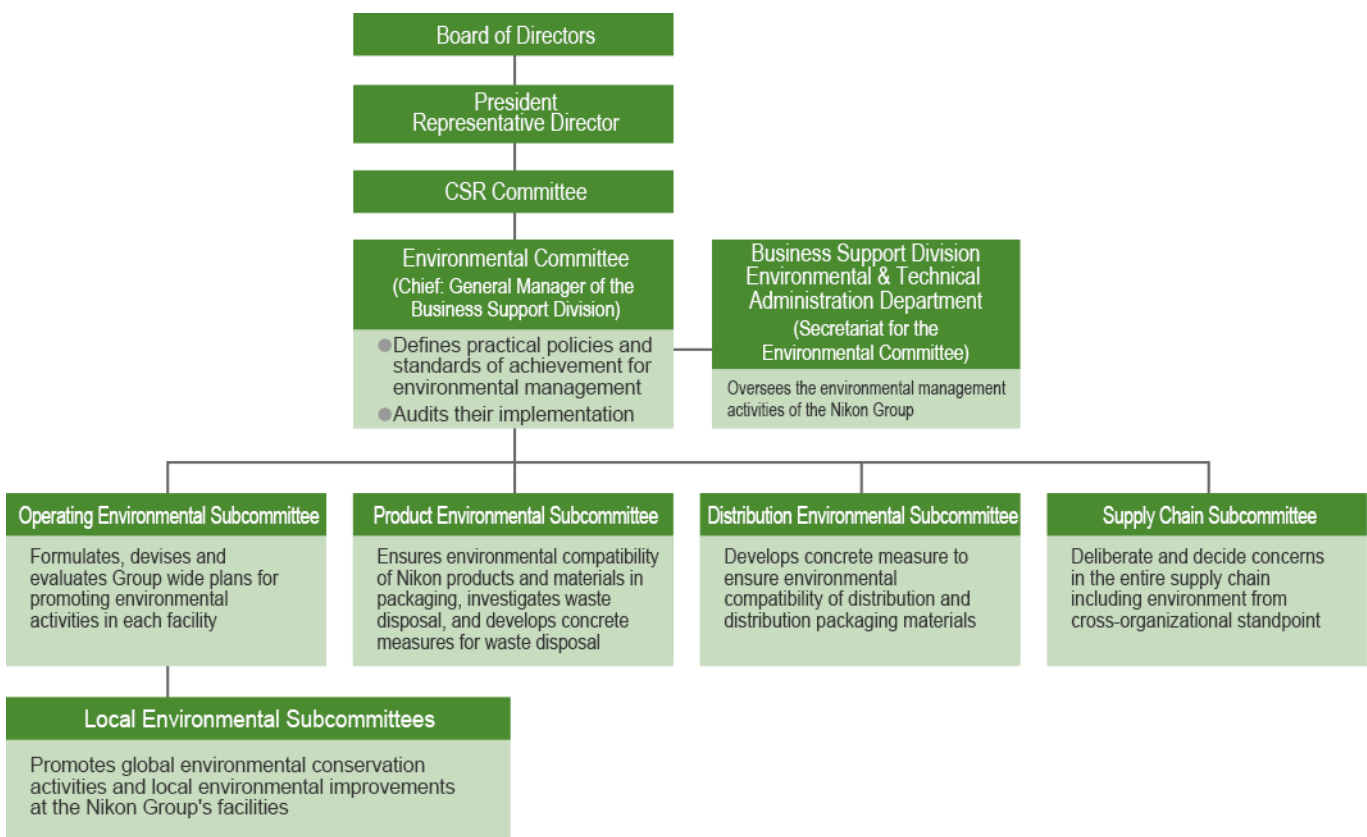
We are clarifying the effect of the relationship of our businesses to the environment as well as biodiversity and are promoting business activities that are environmentally friendly based on the Environmental Committee-centered Environmental Management System.

Environmental Management System

The Nikon Group is expanding its environmental management system group-wide based on the Nikon Basic Environmental Management Policy.

In the year ended March 31, 2016, we were given no fines and no sanctions for violation of environmental laws, and we received no complaints regarding environmental impacts.

Environmental Management Organization Chart (As of June 29, 2016)



Utilization of ISO14001 Certification

The Nikon Group is introducing environmental management that utilizes the ISO14001 and is promoting the acquisition of global multi-site certification of ISO14001. We plan to acquire the certification for Nikon Lao Co., Ltd. in the year ending March 31, 2017.

Furthermore, we are advancing preparations for our acquiring the certification of the new standard in 2015 (ISO14001: 2015) within the year ending March 31, 2018.

The new standard (ISO14001: 2015) includes the requirement "Actions to address risks and opportunities." We have always

understood risk as an important aspect in our corporate activities, but we will pursue the observation and investigation from the perspective of risk not only as a threat but also as an opportunity through our transfer to the new standard.

The Nikon Group uses the ISO14001 system and promotes environmental management by introducing procedures that lead in the activities reducing our environmental load while clarifying both the internal and external circumstances.

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

The Nikon Group's Environmental Management Systems and Environmental Performance Data Boundary (for the year ended March 31, 2016)

	Company	Classification for Tallying Environmental Performance Data		Environmental Management Systems
I	Nikon Corporation	A ^{*1}	Environmental performance data are tallied	ISO14001
	Tochigi Nikon Corporation			
	Tochigi Nikon Precision Co., Ltd.			
	Sendai Nikon Corporation			
	Miyagi Nikon Precision Co., Ltd.			
	Kurobane Nikon Co., Ltd.			
	Hikari Glass Co., Ltd.			
	TNI Industry			
II	Nikon Tec Corporation	A ^{*1}	Environmental performance data are tallied	Nikon Eco Program
	Nikon Instech Co., Ltd.			
	Nikon Systems Inc.			
	Nikon Business Service Co., Ltd.			
	Nikon Staff Service Corporation			
	Nikon Imaging Systems Inc.			
	Nikon Vision Co., Ltd.			
Nikon Imaging Japan Inc.				
III	Nikon Imaging (China) Co., Ltd.	A ^{*1}	Environmental performance data are tallied	ISO14001
	Nikon Imaging (China) Sales Co., Ltd. ^{*2}			
	Hikari Glass (Changzhou) Optics Co., Ltd.			
	Nanjing Nikon Jiangnan Optical Instrument Co., Ltd.			
	Nikon (Thailand) Co., Ltd.			
IV	Nikon Metrology UK Ltd.	B	Not currently subject to environmental performance data tally	
	X-Tek Systems Ltd.			

I Group manufacturing companies in Japan

II Group non-manufacturing companies in Japan

III/IV Group companies outside Japan*

* Overseas Group manufacturing companies: Four companies excluding Nikon Imaging (China) Sales Co., Ltd. from III.

^{*1}The number of employees affiliated with classification "A" above accounts for at approximately 80% of all employees in the entire consolidated Group.

Classification "A" may also include data generated by subcontractors carrying out operations on the premises or small-scale special subsidiaries in addition to the above mentioned parties.

^{*2}Nikon Imaging (China) Sales Co., Ltd. has acquired ISO14001 independently

About coefficient:

Fixed coefficient for managing the action plan is used for amount of CO₂ emissions for Environmental Action Plan and related Nikon and Group companies in Japan. Actual emissions coefficient of each fiscal year is used for others.

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

■ Nikon Eco Program

We have also introduced the Nikon Eco Program, which consists of a system able to easily promote environmental activities, to our non-manufacturing facilities in and outside Japan that have a low environmental load. There are two levels (standard and basic) in the Nikon Eco Program, and we have finished implementing the standard level to all our business facilities targeted in Japan.

The standard level requires to set goals for the reduction of environmental load, work towards achieving those goals, and improve and enhance activities while repeating the PDCA cycle. The basic program level visualizes the activities and load related to the environment.

The two levels of the Nikon Eco Program have been named the Nikon Eco Program Standard (NEPS) and the Nikon Eco Program Basic (NEPB), and we are adopting these levels at all non-manufacturing facilities outside Japan.

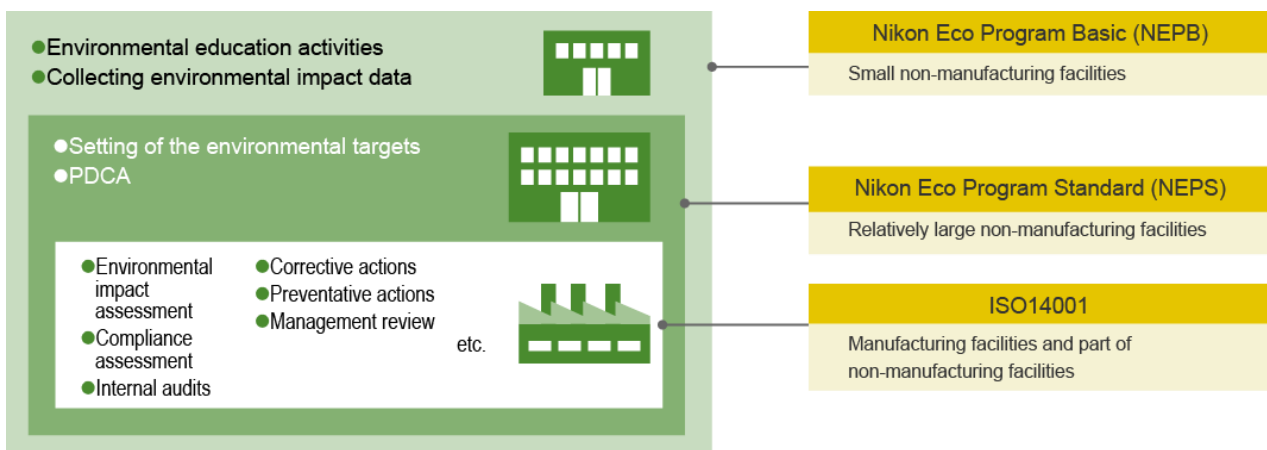
We have completed the introduction of NEPS at Nikon Precision Inc. (NPI) (all of the NPI head office building including Nikon Research Corporation of America and Nikon Ventures Corporation) and Nikon Inc. (NI) (all of NI head office building including Nikon Americas Inc. and Nikon Instruments Inc.) in Americas and Nikon Precision Korea Ltd. (Korea) and Nikon Precision Taiwan Ltd. (Taiwan) in Asia in the year ended March 31, 2016. We are already underway with the visualization of environmental performance through the introduction of NEPB for other business facilities.

■ Performing Internal Audits

We regularly conduct internal audits, at least once a year, to verify the conformity and effectiveness of auditees' environmental management systems with ISO14001, compliance with environmental laws, and the settings, progress, review of their environmental targets and the improvement of the performance. In the event that problems are identified by the audit process, the departments involved take corrective measures and promote improvements. We are also installing training with the purpose of cultivating internal auditors to maintain and improve the quality of our internal audits and have performed five times (total 116 persons) in the year ended March 31, 2016.

We also have conducted training in laws and regulations related to the environment for all employees and have held this training four times (total 92 persons) in the year ended March 31, 2016 as our environmental training. Furthermore, we also are organizing extra training at the request of local environmental subcommittees. These courses are given by qualified in-house lecturers.

Nikon Environmental Management Tools



Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

Business Activities and the Environment

The Nikon Group believes the expansion of environmental activities is vital to contribute to realizing a sustainable society. We prioritize our efforts and set goals after clarifying the relationship between business activities and the environment and fully understanding its environmental impact

and magnitude of environmental risks.

Therefore, we are actively advancing the collection of environmental data including energy such as electricity, waste and water quality both inside and outside of Japan.

The Environment and Businesses of the Nikon Group



Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

Nikon Group's Principal Environmental Impacts (for the year ended March 31, 2016)

INPUT		Nikon Corporation	Group companies in Japan (I, II)	Group companies outside Japan (III)	Units
Energy	Electricity	164,936	88,972	101,936	MWh
	City gas	5,533	1,026	-	Thousand Nm ³
	Liquefied petroleum gas (LPG)	480	2,000	113	t
	Other fuels	9	630	-	kL
	Hot/Cold water	11,013	0	-	Thousand MJ
Water	Water	1,878	891	1,098	Thousand m ³
PRTR* substances	Ferric chloride	0	4	-	t
	Toluene	0	4	-	t
	1-bromopropane	21	37	-	t
	Boron compounds	0	31	-	t
OUTPUT		Nikon Corporation	Group companies in Japan (I, II)	Group companies outside Japan (III)	Units
CO ₂ emissions	Electricity	83,293	47,064	61,047	t-CO ₂
	City gas	12,418	2,303	-	t-CO ₂
	Liquefied petroleum gas (LPG)	1,439	5,999	338	t-CO ₂
	Other fuels	24	1,690	-	t-CO ₂
	Hot/Cold water	462	0	-	t-CO ₂
PRTR* substances emissions to the air	Toluene	0	4	-	t
	1-bromopropane	22	37	-	t
Wastes	Amount released	3,404	3,261	2,239	t
	Amount of landfill disposal	3	1	-	t

* PRTR

In Japan, the "Pollutant Release and Transfer Register" system is a system used by the government to collect, tabulate, and disclose data on chemical substances that might have harmful effects on human health and ecosystems. They are identified and reported to the government once per year by companies.

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

■ Environmental Accounting

The Nikon Group conducts environmental accounting, which aims at recognizing the cost for environmental conservation activities and the results from the activities in quantitative form, to promote effective and efficient environmental conservation initiatives. Our environmental accounting is calculated in accordance with the Environmental Accounting Guidelines (2005 version) of the Ministry of the Environment.

Scope of calculation:

Nikon Corporation and Group manufacturing companies in Japan

Period: April 1, 2015 to March 31, 2016

* The expenses do not include depreciation costs.

* Totals may not match the sum due to rounding.

Environmental Conservation Costs

(Unit: Millions of yen)

Category		Major Initiatives	Investment	Expenses	Total
Business Area Cost	Pollution Prevention Cost	Prevention of air/water pollution, etc.	406	826	1,232
	Global Environment Conservation Cost	Prevention of global warming, energy conservation, etc.	127	265	392
	Resource Circulation Cost	Disposal of waste, efficient use of resources, etc.	1	464	465
Upstream/downstream Cost		Administration of green procurement, recycling measures, etc.	-	64	64
Administration Cost		Administration of environmental management systems, etc.	-	334	334
R&D Cost		Energy-saving design of products, research and development, etc.	-	55	55
Social Activity Cost		Social contribution activities, sponsorship activities, etc.	-	22	22
Environmental Remediation Cost		Costs of restoring soil, etc.	-	13	13
Others			-	0	0
Total			534	2,043	2,577

Economic Benefits Associated with Environmental Conservation Activities

(Unit: Millions of yen)

Item	Economic benefit	Sum of money
Revenue	Revenue from the sale of valuable resources	45
Expense Saving	Reduced energy costs due to energy savings	-
	Reduced expenses due to efficient utilization of resources	-
	Reduced expenses due to recycling of resources	1
Total		46

* The environmental conservation benefits correspond to Nikon Group's Principal Environmental Impacts (pg 66).

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

Biodiversity Conservation

The Nikon Group recognizes that its business activities are supported by a number of nature's blessings, while in return these activities affect nature in many aspects. With this recognition, we are committed to biodiversity^{*1} conservation.

■ Approach to Biodiversity

We are clarifying the care we take toward the effect we have on the natural environment, including biodiversity, and we work toward global environmental conservation as a responsible company in the Nikon Basic Environmental Management Policy. The Nikon Group has agreed to be a promotion partner for the Keidanren Declaration on Biodiversity. We take part in the biodiversity working group of four electronic and electrical associations^{*2} for the purpose of supporting the promotion of biodiversity conservation in the electrical and electronic industries and the working group hosted seminars related to biodiversity in the year ended March 31, 2016.

■ Evaluation of Impact levels to Biodiversity Based on ESR

We conducted an evaluation by using the corporate Ecosystem Services Review (ESR)^{*3} to understand dependence and impacts in our business activities on biodiversity in the year ended March 31, 2013.

As a result, we found that we receive supplies of wood materials, wood fibers, fresh water, and other natural materials from the ecosystem, while having an impact on ecosystem regulating services as a result of using chemical substances and emitting CO₂ in our business activities. The review also found that the Group can contribute to biodiversity conservation through its products if they are used in nature observation and recreational activities conducted within the natural environment as well as through R&D and educational activities.

Based on the results of the evaluation, we have analyzed the main aspects of our relationship with ecosystem services and confirmed the association of our environmental targets and community contribution activities. This led us to advancing our efforts to reduce CO₂ emissions, the use of hazardous substances such as to comply with the RoHS Directive* and the amount of the waste products based on zero emissions* in each department.

We also work in tight links with our stakeholders. For example,

in the research and study for the AKAYA Project, a project aimed at restoring the biodiversity of the national forests, the cameras and binoculars donated by Nikon are used for photographic records and monitoring.

➤ [Supporting the AKAYA Project in Japan \(P98\)](#)

*1 Biodiversity

Is the rich individuality and connections among various creatures. In the "Convention on Biological Diversity," it is defined as "the variability among living organisms from all sources, including 'inter alia,' terrestrial, marine, and other aquatic ecosystems, and the ecological complexes of which they are part: this includes diversity within species, between species and of ecosystems."

*2 Four electrical and electronic associations

We are conducting our initiatives in conjunction with the four associations in the electrical and electronic industries listed below.

JEMA: The Japan Electrical Manufacturers' Association

JEITA: Japan Electronics and Information Technology Industries Association

CIAJ: Communications and Information Network Association of Japan

JBMA: Japan Business Machine and Information System Industries Association

*3 ESR (The corporate Ecosystem Services Review)

A methodology published by the World Business Council for Sustainable Development (WBCSD) for companies to identify their own dependence and impact on ecosystems, and then discover and manage business risks and opportunities. Ecosystem services is the bounty gained from the ecosystem founded in biodiversity. Ecosystem services are categorized into four groups -- provisioning services, regulating services, cultural services, and supporting services.

*4 Zero emissions

Zero emissions was proposed by the United Nations University in 1994. The concept takes a view to reducing waste from the whole of society to zero by recycling waste from one industry for use as resources for other industries.

*5 RoHS Directive (Restriction of Hazardous Substances)

"RoHS" stands for "Restriction of Hazardous Substances."

This directive was adopted by the EU in 2003. It restricts the use of certain hazardous chemical substances in electrical and electronic equipment with a view to minimizing the risks that these substances pose to the environment and human health.

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

ESR Results and Environmental Targets

ESR evaluation results		Major initiatives	Relevant environmental targets and community contribution activities
Ecosystem services on which the Nikon Group has a high dependence and/or impact	Specific examples		
Provisioning services	Wood materials and fibers	Use of paper as product materials (manuals, catalogues, packaging materials) Use of paper in business activities (copy paper, etc.)	<ul style="list-style-type: none"> > Conservation of Forest Resources (P91) > Green Purchasing (P90)
	Freshwater	Use of water in business activities	> Protection of Water Resources (P92)
Regulating services	Maintenance of air quality	Emissions of chemical substances in business activities	<ul style="list-style-type: none"> > Reduction of Hazardous Chemical Substances (P95) > Green Procurement (P101)
	Regulation of climate	GHG emissions in business activities	> CO₂ Reduction Activities (P74)
	Water purification and waste treatment	Generation of waste, including wastewater in business activities	<ul style="list-style-type: none"> > Prevention of Pollution of the Air and Water (P97) > Waste Reduction (P87)
Cultural services	Ethical and spiritual values	Use of products for educational and research purposes	> Supporting the AKAYA Project in Japan (P98)
		Community Contribution Activities	> Providing Educational Tools for Environmental Education (P99)

Voice

Scientific forest management supported by Nikon products

The Nature Conservation Society of Japan, a public interest incorporated foundation, is an NGO conducting nature conservation, research, and educational activities to conserve the rich natural environment and natural resources of Japan.

I am in charge of the AKAYA Project where we are working on scientific forest development with the goal of restoring biodiversity and developing a sustainable community in the Akaya Forest, which is located in Minakami Town, Gunma Prefecture and extends over 10,000 ha.

For example, we create an environment for golden eagles to hunt that spanned approximately 2 ha and measured the effectiveness by observing the actions of the golden eagles to improve the wild golden eagle habitat that is on the verge of extinction.

This initiative required the identification of individual golden eagles from a distance of more than 1 km to record their actions and Nikon binoculars, field scopes, and digital cameras become indispensable tools. Nikon's Fabre portable field microscope has also proven to be very useful in enabling children to observe small water insects and soil animals during our nature tours.



Mr. Seiichi Dejima

The Nature Conservation Society of Japan

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

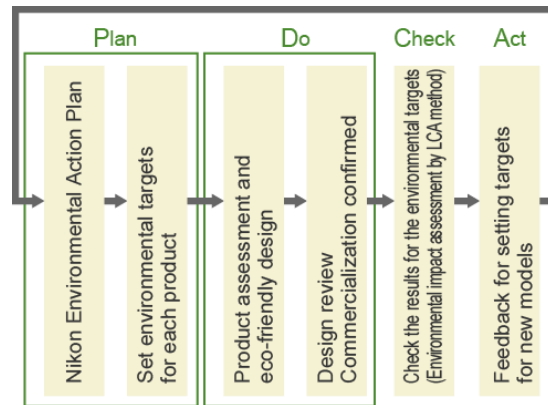
Eco-friendly Product Development

The Nikon Group works to develop eco-friendly products by taking into account the effects to the environment from the planning and design stage of products.

Development Process of Eco-friendly Products

The Nikon Group implements product assessment at the planning and design stage of products to develop products with a low environmental impact throughout the entire life cycle. We also provide feedback to targets set in the development of subsequent models by conducting evaluations of the environmental impact using the LCA (Life Cycle Assessment) method for some of our models. The CO₂ are calculated for the product life cycle by using the LCA method for some of our products. The stage of greater CO₂ emissions differs during the life cycle according to the product category. Imaging products have a larger ratio of CO₂ emissions during raw material procurement while FPD/semiconductor during their use. We recognize that those are the important aspects of the products which need to be improved. We are working to reduce the environmental impact of our products even further through the assessment of our environmental impact in areas other than CO₂ in the future.

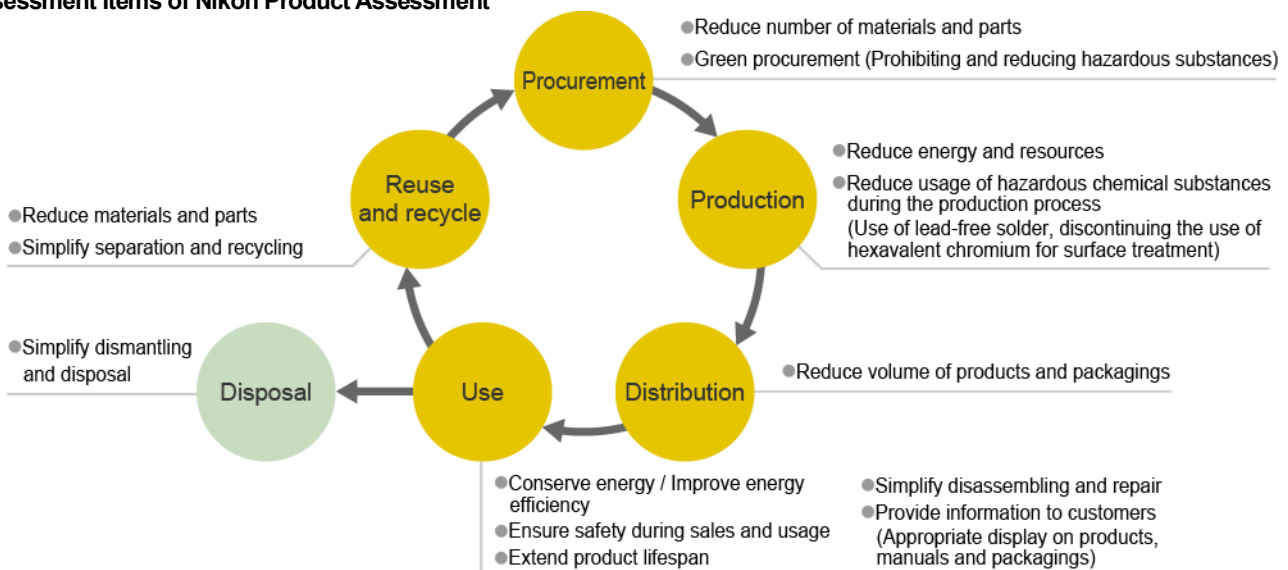
Eco-friendly Product Development Flow



Nikon Product Assessment

The Nikon Group enacted the Nikon Product Assessment as a reference for carrying out assessments that thoroughly considers the specifications of Nikon products in 1995 and continuously revises and enhances the assessment items and standards to match the situation. The Nikon Product Assessment is used in the planning and design stage for all products of the Nikon Group. We strive to improve our products in order to minimize the environmental impact throughout the whole product life cycle such as energy conservation, resource recycling, and reduced use of hazardous chemical substances.

Assessment Items of Nikon Product Assessment



Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

■ Eco-friendliness of Key Products

Some examples of the eco-friendliness of products that we announced or released during the year ended March 31, 2016 are below.

Imaging Products Business

Digital SLR camera: D5 (Released in March 2016)

The D5 is our flagship model that supports a wide-range of scenes and subjects with high-performance that includes dramatically enhanced motion capture capabilities and image quality at higher sensitivities. The D5 achieves the best standard ISO 102400 sensitivity range in the history of Nikon to allow pictures to be taken in dark places without using a flash as much as possible. A battery life (maximum recordable frames) has also improved approximately 25% while the energy efficiency formula improved approximately 52% compared to the conventional D4S model through the excellent low-power consumption design.



AF-P DX NIKKOR 18-55mm f/3.5-5.6G VR lens (Announced in January 2016)

This is a compact normal zoom lens compatible with Nikon DX-format digital SLR cameras.

This lens reduces the number of parts approximately 29% and the power consumption approximately 56% compared to the conventional AF-S DX NIKKOR 18-55mm f/3.5-5.6G VR II model.



Compact Digital Camera COOLPIX B700 (Announced in February 2016)

The COOLPIX B700 is a compact digital camera with class-leading compact and lightweight body and dynamic fine zoom. This camera adopts a large vari-angle type wide viewing angle monitor and is handy even for shooting photos outdoors with its brighter, energy-saving RGBW alignment. A battery life (maximum recordable frames) has also improved approximately 17% compared to the conventional P610 model through the excellent low-power consumption design.



Instruments Business

ECLIPSE Ts2 and ECLIPSE Ts2R inverted microscopes (Released January 2016)

These inverted microscopes are used to observe cultured cells, etc., for biological and medical research. These microscopes realize energy-saving that leads to a longer lifespan and are maintenance free due to the adoption of LEDs as a light source as well as reducing the power consumption during use approximately 70% compared to conventional models.



ECLIPSE Ts2R

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

Environmental Education and Awareness Raising Activities

The Nikon Group believes the awareness and understanding of employees who are the foundation of its activities are vital to steadily further its environmental activities and increase its standards. Therefore, we are introducing various environmental education and enlightenment activities for our employees.

■ General Education for Employees

In Japan, the Nikon Group provides employees with education matched to their position, group affiliation, facilities, and department, based on the educational training plan for the environmental management system. For example, we share the latest information about regulations related to hazardous chemical substances and the Nikon Group initiatives toward the environment through fundamental training courses introduced for all new employees.

Also, in the month of June, designated Environment Month by the Japanese Ministry of the Environment, we hold seminars each year to share information with employees and increase their awareness of and interest in our environmental measures. We held an environment month seminar in June 2015 with an attendance of approximately 100 people. The lecturer is an employee of the Ministry of the Environment who has an experience of working in the Japanese Embassy in China (Beijing). He talked about severe air pollution he experienced, the influence that has on daily life, and the expectations toward to the Nikon Group as a Japanese company that has facilities in China.



Seminar during Environment Month

■ Environmental Commendation Program

In order to revitalize measures to protect the environment, the Nikon Group has introduced the Nikon Environmental Commendation Program. Every year, this program commends and awards outstanding initiatives among the workplace, groups or individuals who have consistently made daily efforts and taken effective action to protect the environment. In the year ended March 31, 2016, we presented four Outstanding Environmental Contribution Awards and five Environmental Contribution Awards.

This year, we selected initiatives at our overseas facilities for one of the Outstanding Environmental Contribution Awards. The content of this initiative was to promote environmental enlightenment activities for employees from June 2014 by launching a cross-company team called EnviroNikon that represented four Nikon Group companies outside Japan residing in the facilities in Amsterdam. The active effort to improve the environmental awareness of employees by introducing various activities such as installing an environmental betterment idea box, holding idea contests, publishing a newsletter, raising awareness about plastic garbage, and an Earth Hour photography contest was highly evaluated.



Environmental Commendation ceremony

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

■ Participating in Earth Hour

The Nikon Group participates in Earth Hour, an environmental campaign organized by the World Wildlife Fund (WWF). Earth Hour is a global event that people worldwide 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.

The Nikon Group agrees to the concept of Earth Hour and has participated since 2010. The event is a chance to raise environmental awareness by calling for active participation of employees in each region around the world focused on something easy to understand and execute.

In the year ended March 31, 2016, 85 facilities of 58 companies from the Nikon Group inside and outside Japan participated by switching off billboards or lighting at facilities.

[Before turning lights OFF]



[After turning lights OFF]



Turning off lights at Nikon (Thailand) Co., Ltd.

Realizing a Low-carbon Society

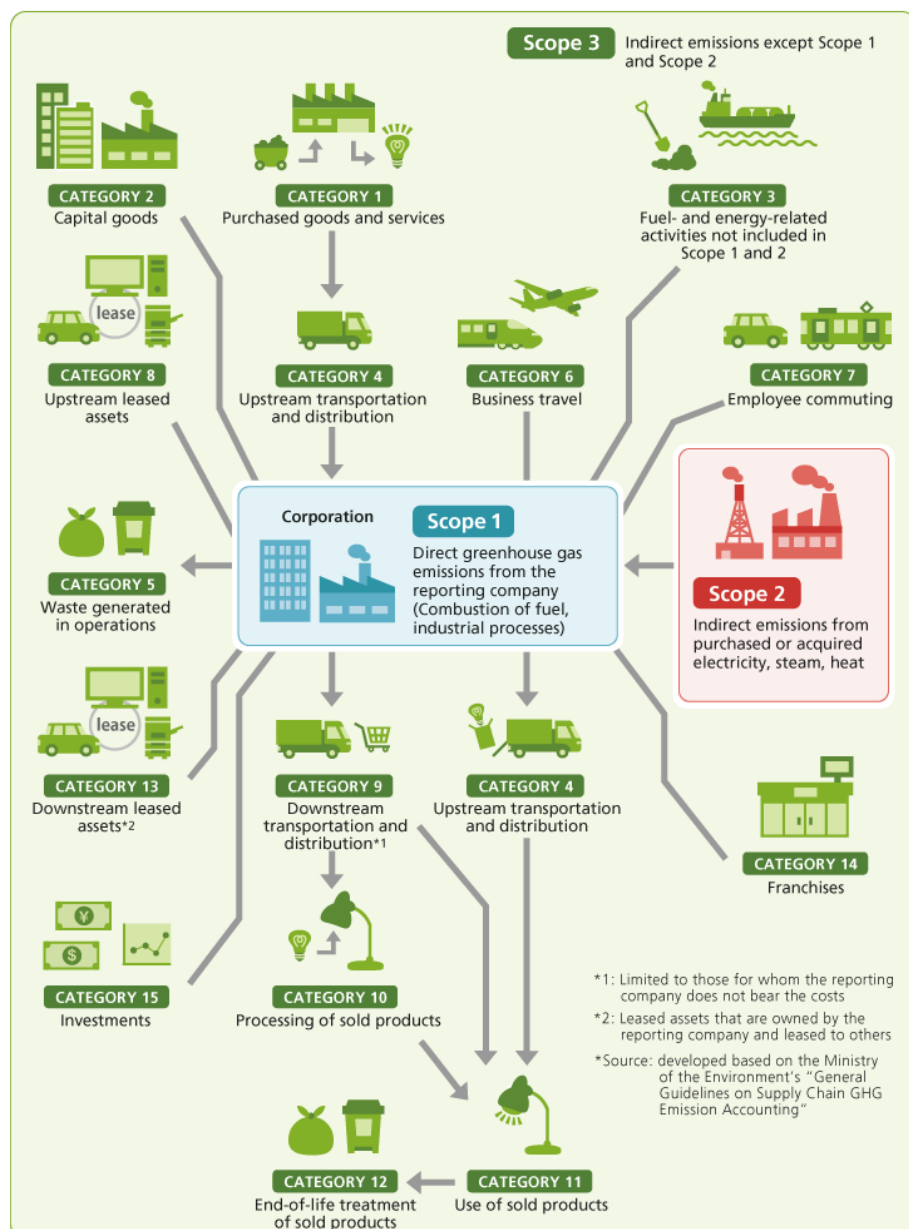
The Nikon Group is formulating measures in each stage of the product life cycle to reduce CO₂ emissions as we recognize the importance of reducing CO₂ throughout the entire supply chain.

Initiatives to Reduce CO₂ Throughout the Entire Supply Chain

The Nikon Group recognizes that initiatives not only by the Group itself but also throughout the entire supply chain are indispensable for realizing a low-carbon society. Therefore, we evaluate our overall environmental impact, consider measures and implement them to reduce the impact.

In addition to current direct emissions (Scope 1^{*1}) and indirect emissions from energy consumption (Scope 2^{*2}), we calculate indirect greenhouse gas emissions related to business activities in the supply chain (Scope 3^{*3}).

Image of Scope 1, Scope 2, and Scope 3



^{*1}Scope 1
Direct greenhouse gas emissions due to the use of fuel on site

^{*2}Scope 2
Indirect greenhouse gas emissions from consumption of purchased electricity, heat or steam

^{*3}Scope 3
Indirect greenhouse gas emissions related to business activities in the supply chain (except those of Scope 1 and 2)

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

■ Understanding Scope 3 Emissions

We participated in a project supported by the Ministry of the Environment*. The project was aiming to help companies understand their supply chain emissions. We calculated our Scope 3 emissions and found out that Category 1 (purchased goods and services) has the largest emissions in our supply chain.

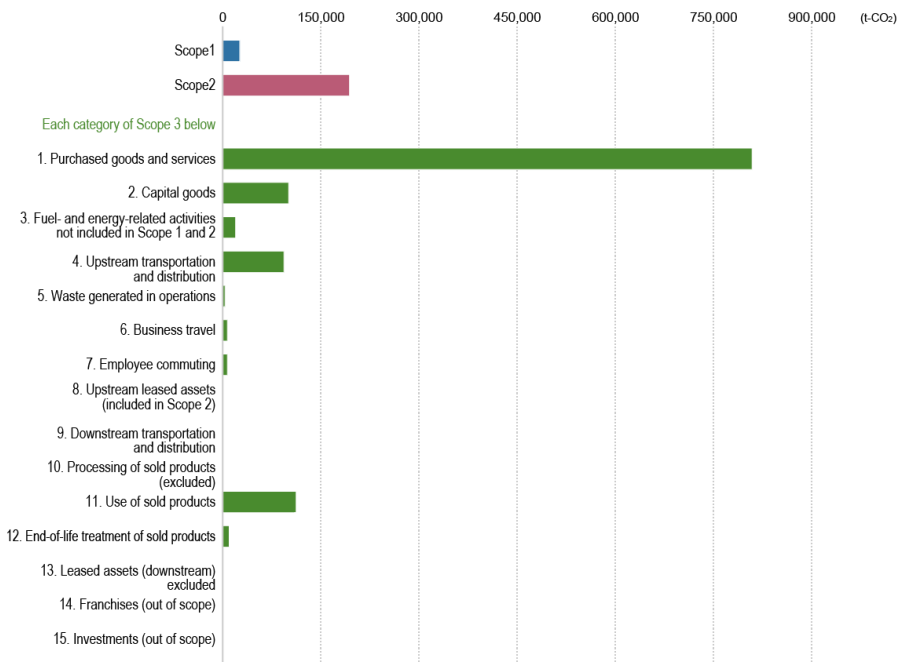
*Project supported by the Ministry of the Environment

One of the projects that the Ministry of the Environment introduced to support understanding and managing supply chain emissions in each stage of the supply chain such as raw material procurement, logistics and disposal.

CO₂ Emissions List Breakdown by Scope and Category

Scope/Category	t-CO ₂	Boundary
Scope 1	24,210	Nikon Corporation Group companies in Japan Group manufacturing companies outside Japan
Scope 2	191,865	Nikon Corporation Group companies in Japan Group manufacturing companies outside Japan
Each category of Scope 3 below		
1. Purchased goods and services	806,989	Nikon Group (excluding Instruments Business and Other Businesses)
2. Capital goods	100,276	The entire Nikon Group
3. Fuel- and energy-related activities not included in Scope 1 and 2	17,344	Nikon Corporation Group companies in Japan Group manufacturing companies outside Japan
4. Upstream transportation and distribution	93,220	The entire Nikon Group
5. Waste generated in operations	3,182	Nikon Corporation (excluding Head office) Group manufacturing companies in Japan Group manufacturing companies outside Japan
6. Business travel	6,115	Nikon Corporation
7. Employee commuting	5,171	Nikon Corporation
8. Upstream leased assets (included in Scope 2)	-	Calculation included in Scope 2
9. Downstream transportation and distribution	-	Not calculated (because the amount is very small)
10. Processing of sold products (excluded)	-	Not calculated (because the amount is very small)
11. Use of sold products	110,761	Nikon Group (excluding Instruments Business and Other Businesses)
12. End-of-life treatment of sold products	6,797	Nikon Group (excluding Instruments Business and Other Businesses)
13. Leased assets (downstream) excluded	-	Not calculated (because the amount is very small)
14. Franchises (out of scope)	-	There are no relevant activities
15. Investments (out of scope)	-	Not applicable (because we are neither an investment company nor a company that provides financial services)

CO₂ Emissions by Scope and Category

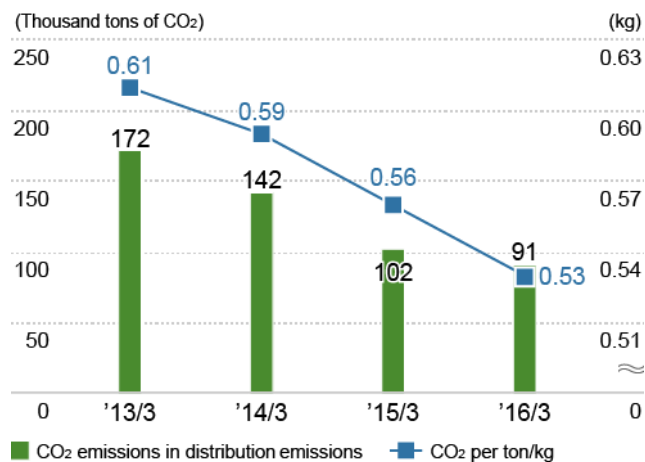


- [Reducing CO₂ Emissions in Distribution \(Scope 3\) \(P76\)](#)
- [Initiatives to Reduce CO₂ at Our Facilities \(Scope 1, 2\) \(P78\)](#)

Reducing CO₂ Emissions in Distribution

As the products of Nikon Group are manufactured in facilities located mainly in Asia and distributed worldwide, we identified the distribution routes, including those used by Group manufacturing companies in Japan, and obtained numerical data on transportation volumes and CO₂ emissions and works to reduce CO₂ emissions during transport. We calculate CO₂ emissions resulting from distribution by using the Mobile Combustion GHG Emissions Calculation Tool (Greenhouse Gas (GHG) Protocol). CO₂ emissions amounted to 1,073 tons for distribution in Japan and 91 thousand tons for international distribution in the year ended March 2016. We started to collect and analyze the related information in order to calculate CO₂ emissions for inter-American distribution in the year ended March 2016. In the year ending March 2017, we will expand the scope of visualization of CO₂ emissions from transportation and improve the loading ratio, modal shifts, and direct delivery.

CO₂ Emissions from Nikon Group Distribution



Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

■ Promotion of Modal Shifts

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

Each business unit is working intensively to shift the mode of delivery and procurement to low impact transportation, starting with what is possible.

We have tested rail shipment from China to Europe as a trial for realizing regular rail shipment for our Imaging Business Unit products. CO₂ emissions were reduced to roughly 70th part of previous levels by shifting shipment from airplane to railway. Although rail shipment is not possible during the winter due to the climate condition, we are actively working on shifting the mode of transportation not only from airplane to ship, but also from airplane to railway. At the same time, we are shifting the mode not only for the delivery of products, but also for packaging materials to procurement partners, returning delivery boxes and the tools for delivery. We strive to promote modal shifts continuously while maintaining the quality of distribution.

* Modal shifts

To switch the mode of transporting products to one which have less environmental impact.

■ Introducing Eco-friendly Vehicles and Improving Transportation Efficiency

The Nikon Group is gradually replacing its company vehicles and freight trucks with fuel-efficient models, and is promoting the introduction of eco-friendly vehicles.

We are also working to improve transportation efficiency. For transportation between Nikon Corporation's Kumagaya Plant and Narita International Airport, we shifted from "as-needed" to regular transportation, thereby greatly increasing transport efficiency. We are also shortening transport distances by reviewing international distribution routes (direct delivery).

At the same time, we try to implement eco-friendly distribution from many aspects, such as revising the size of the presentation case for digital cameras to be able to load products more efficiently, and eliminating the exterior boxes by switching from container transport to pallet transport.

■ Environmental-friendliness During Standby and Transport

Nikon Business Service Co., Ltd., which oversees the transportation of goods for the Nikon Group, is promoting stop idling and eco-driving. When transporting IC steppers and scanners by road, it is necessary to strictly control the cargo room temperature with the use of in-vehicle air-conditioning equipment. For which purpose, engine used to be kept running even while the vehicle was parked. However, there is no longer any need for idling within the premises of our plants where we have introduced measures to power the equipment by the use of external sources. It leads to the reduction of about 9kg of CO₂ each hour per vehicle. This external power system has been implemented into all vehicles that we own.

Furthermore, we have installed digital tachographs and drive recorders in all of our large-goods vehicles to record, manage, and evaluate information such as the route, time of departure, maximum speed, sudden starts, sudden acceleration, the number of times of sudden braking, and the rest time. We aim to further improve fuel efficiency and raise safety awareness among our drivers through these measures. In addition, all drivers periodically attend eco-driving workshops.



Drive recorders inside vehicles

Initiatives to Reduce CO₂ at Our Facilities

The Nikon Group is committed to realizing a low-carbon society in order to pass on a healthy global environment to future generations.

Each plant of Nikon and every Nikon Group company set CO₂ reduction targets as an action plan under the Operating Environmental Subcommittee which formulates, executes and assesses environmental activities at Group's facilities.

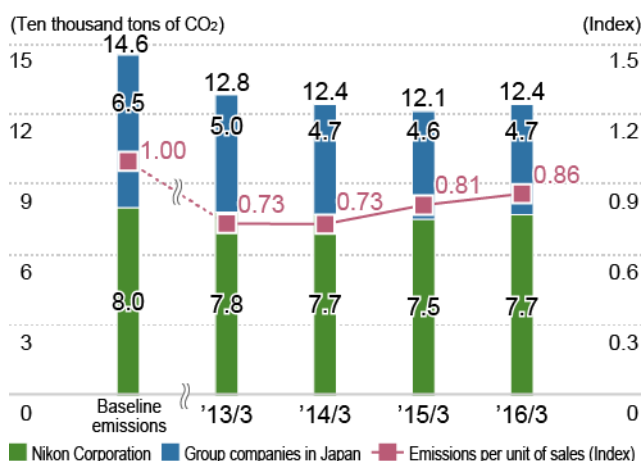
We promote visualization of our energy use in order to achieve the targets. For this purpose, we revise our environmental data collection and management system and try to increase the number of facilities using this system. We are also working continuously to reduce our CO₂ emissions by implementing measures such as introduction of highly efficient devices in each department, increasing the efficiency of HVAC and lighting equipment, improving production activities, managing the use of HVAC, lighting, and OA devices, and making more use of renewable energy.

In addition, we promote diversified activities for each department such as educational activities for our employees.

■ CO₂ Emissions from Nikon and Group Companies in Japan

In the year ended March 31, 2016, the total CO₂ emissions of Nikon Corporation and Group companies in Japan came to 124 thousand tons, meaning we achieved our target of 133 thousand tons.

CO₂ Emissions from Nikon Corporation and Group Companies in Japan (Calculated by fixing the CO₂ emissions factors for the use in the Action Plan)



* Boundaries (in and outside Japan) was expanded from '16/3.

* The values above are aggregated the results of CO₂ emissions from energy use.

* The baseline emission is the average value between the year ended March 31, 2006 and the year ended March 31, 2008

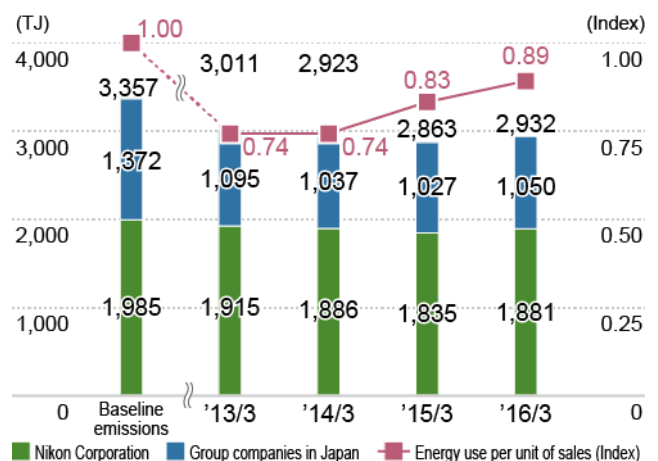
The CO₂ emission factors are the weighted average values of the actual emission factors between the year ended March 31, 2006 and the year ended 31, 2008 (fixed for the entire period).

The CO₂ emissions are calculated using the following unit heating values:

City gas: Specific value of each gas company

Other fuels: Values contained in the Manual for Calculating and Reporting Greenhouse Gas Emissions for the baseline emission calculation

Energy Use by Nikon Corporation and Group Companies in Japan



* Boundaries (in and outside Japan) expanded from '16/3.

* The baseline use is the average value between the year ended March 31, 2006 and the year ended March 31, 2008

The energy use is calculated using the following unit heating values:

Electricity: Specific value of each electricity company

City gas: Specific value of each gas company

Other fuels: Values contained in the Manual for Calculating and Reporting Greenhouse Gas Emissions to calculate the energy use in each fiscal year

Since almost all of greenhouse gas emissions from Nikon Corporation and the Group companies in Japan are in the form of CO₂ from energy consumption and the ratio of other greenhouse gases* is 0.7%, greenhouse gas emission reduction targets and measures in the Nikon Group are implemented based on CO₂ emissions from energy consumption.

* Other greenhouse gas

Greenhouse gases excluding CO₂ from energy sources. Specifically, it refers to CH₄, N₂O, HFC compounds, PFC compounds, SF₆, NF₃ and non-energy CO₂ emissions.

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

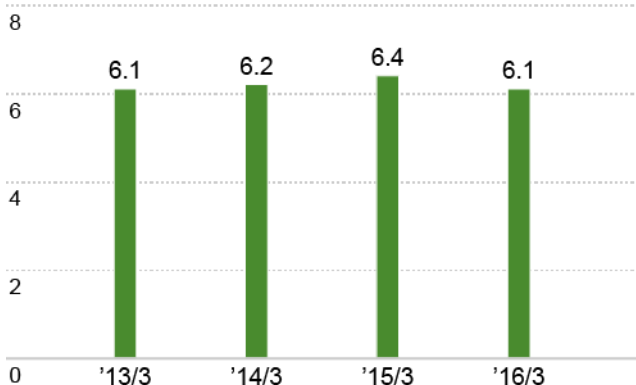
■ CO₂ Emissions from Group Companies Outside Japan*

The CO₂ emissions from our Group Companies outside Japan was 61,385 tons in the year ended March 31, 2016.

* This covers Group Companies outside Japan (Ⅲ) on the boundary list.

CO₂ Emissions from Group Companies Outside Japan

(Ten thousand tons of CO₂)



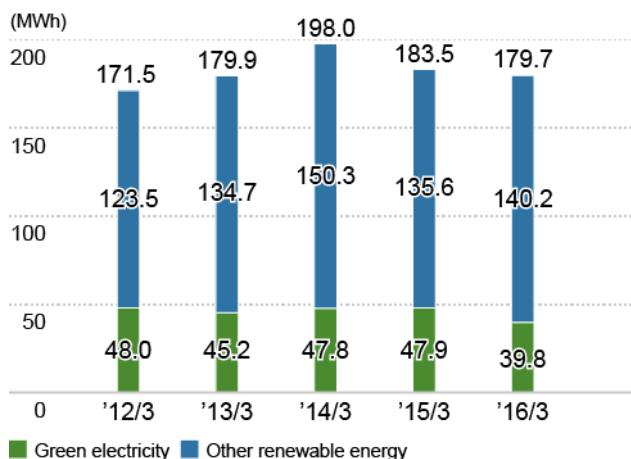
* The CO₂ emission factors are International Energy Agency (IEA) factors by country in the year ended March 31, 2011.

■ Utilizing Renewable Energy

The Nikon Group is actively furthering the use of renewable energy. Nikon Corporation's Kumagaya Plant has been operating a solar power generation system at full capacity since January of 2010. The system generates at least 100,000 kWh of power per year, which results in a reduction of CO₂ emissions of about 50 tons per year. Nikon Corporation's Yokohama Plant has installed solar power equipment on the walls of Building No. 502 completed in April 2013 and the equipment generates approximately 26,000 kWh per year with a CO₂ reduction effect of approximately 10 tons per year. The plant also cosponsors Yokohama City's project for wind power generation as a Y (Yokohama) Green Partner Company.

Nikon Imaging (China) Co., Ltd. is also introducing LED lighting with solar panels for the outdoor lights on the factory premises.

Renewable Energy Use by Nikon



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



Solar power generation panel at Kumagaya Plant

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities



Yokohama Plant's certificate for green power



LED outdoor lighting with solar panel at Nikon Imaging (China) Co., Ltd.

■ Examples of CO₂ Emissions Reduction Measures by the Nikon Group

Examples of CO₂ Emissions Reduction Measures Using Steam

Nikon Imaging (China) Co., Ltd. uses steam which is the by-product of power generation during the winter season (from November to March) to purify RO water*. This conserves roughly 600,000 kWh of electricity throughout the year.



Steam pipes running inside the premises at Nikon Imaging (China) Co., Ltd

* RO water

RO water refers to pure water removing impurity through Reverse Osmosis (RO).

Improving Operating Controls for Boilers

Tochigi Nikon Precision Co., Ltd. uses steam for some of its manufacturing processes. The company has succeeded in minimizing the frequency of switching between operation and stoppage by establishing the optimal conditions for boiler operation in line with the pressure required for the supply destination of the steam. As a result, the company has reduced CO₂ emissions by more than 400 tons a year.

Energy Saving from Effective Use of Workplace

Kurobane Nikon Co., Ltd. contributed greatly to energy conservation by improving its operational efficiency. This was achieved by reducing the number of lens processing working places from five to three and by the elimination and consolidation of equipment used in the cleaning process.

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

Eco Building at the Yokohama Plant

Completed in April 2013, Building No. 502 at the Yokohama Plant incorporates various eco-friendly measures such as insulation in the exterior walls, green curtains, a green rooftop, efficient air conditioning, LED lighting as well as a system for solar power generation.



Building No.502 at the Yokohama Plant

Highly Efficient Lighting

Nikon Imaging (China) Co., Ltd. is trying to reduce energy use by various measures such as thinning the florescent lights (removed approx. 5,000) within the plant to transition to LED lights and implementing LEDs with motion sensors to turn off the lights when no one is present. The amount of electricity used was reduced 30% thanks to the introduction of those motion sensors.



Fluorescent-style LED lighting in common areas at Nikon Imaging (China) Co., Ltd

Expanding Energy Conservation Efforts

The CO₂ Committee Group, whose members are the in-house environmental officers, conducts energy conservation patrol at Nikon (Thailand) Co., Ltd. As well as making frequent checks of the temperature controls and lighting on their patrols, they also work toward the proper management of air conditioners and lighting.

A monthly energy-conservation patrol of the entire plant is also conducted at Nikon Imaging (China) Co., Ltd. They strive to reduce the use of lighting and to effect proper management of air conditioning and exhaust equipment. They also work on energy-saving activities such as the monthly check of compressed-air leakage.



Energy conservation patrol at Nikon (Thailand) Co., Ltd.



Display calling for energy conservation posted near light switches at Nikon (Thailand) Co., Ltd.

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

Conserving Energy at Offices

All facilities are switching to highly efficient lighting, introducing sensor-equipped lighting, and promoting efficiency for air conditioning equipment and office machinery.

Nikon AG (Switzerland) has improved insulation of the building by installing an automated curtain on the exterior of the office building. Nikon Australia Pty Ltd has installed the main control panel for managing lighting of all areas of the office. It is located at the main entrance to allow staff to check if the lights have been left on in areas that are not in use.

In Nikon India Private Limited (India), we have been taking action to improve lighting efficiency and extinction of the lights, and to reduce electricity use in PC's and air conditioners. In the year ended March 2015, we changed almost all the office lighting from fluorescent lights to LED. The high luminance of LED allowed a decrease in the amount of lighting, and led to a major energy consumption reduction. A branch of the Tochigi Office of Nikon Staff Service Corporation has installed a green curtain by the window by planting cucumber, bitter gourds and water melon. This mitigates the temperature rise inside the office during the summer.

All offices strive to conserve energy in their daily operations with appropriate temperature settings on the air conditioning, timers to manage lighting, and a reduction of standby power etc.



Main control panel for lighting at Nikon Australia Pty Ltd



In Nikon India Private Limited almost all of the lightings are LED



The Nikon AG office building with its exterior automated curtain



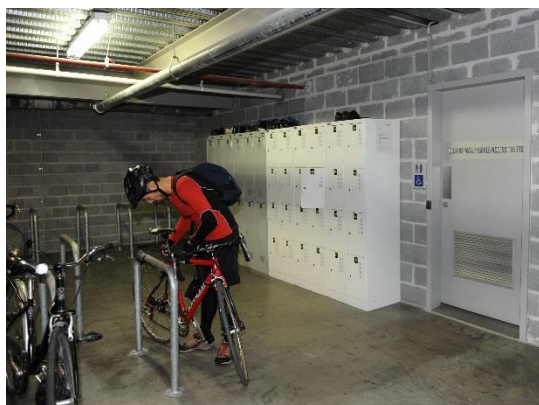
The green curtain at the staff placement branch of the Tochigi Office of Nikon Staff Service Corporation.

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

Efforts for Commuting and Commercial Vehicles

All offices are making efforts to introduce eco-friendly cars, hybrid cars or other fuel-efficient vehicles of company cars. Some offices are also encouraging commuting with low environmental impact.

For example, Nikon Australia Pty Ltd has provided bicycle parking and shower facilities for employees who commute by bicycle, and is also calling on employees to car pool or use public transportation for their commute instead of the private cars.



The bicycle parking at Nikon Australia Pty Ltd

Realizing a Resource-circulating Society

The Nikon Group is focusing on initiatives through its business activities such as waste reduction and the effective use of water resources while striving to save resources through efforts such as reducing both the size and weight of products as well as the volume and weight of packaging.

Product Reuse and Recycling

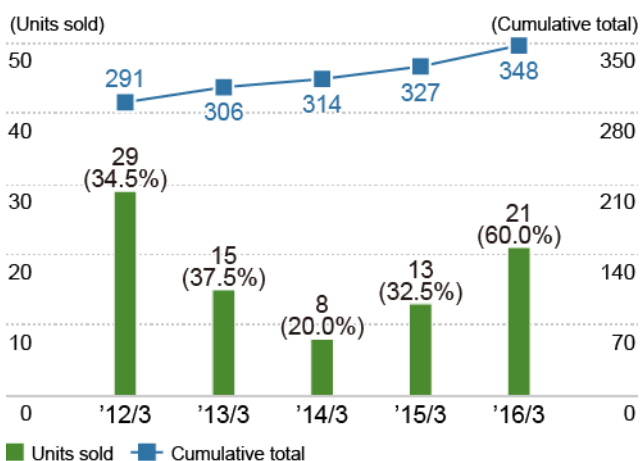
As a supplier of products to all over the world, the Nikon Group is working tirelessly to reduce the total environmental impact of its products and services by reusing and recycling used products.

■ Sales of Refurbished Steppers and Scanners

In the year ended March 31, 2001, the Nikon Group launched a commercial service for collecting used Nikon steppers and scanners 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 year ended March 31, 2016, Nikon had sold a cumulative total of 348 refurbished steppers and scanners.

Sales Trends of Refurbished Steppers & Scanners (for IC)



* Number shown in () refers to percentage of total units sold

■ Battery Recycling

In Japan, Nikon Corporation has been cooperating with JBRC* and a number of other companies to collect end-of-life secondary batteries, including those used for Nikon digital cameras, from users for recycling since 2001.

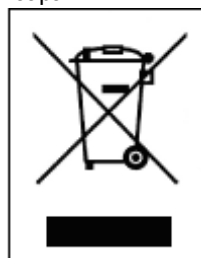
* Japan Portable Rechargeable Battery Recycling Center (JBRC)

JBRC is a general incorporated association. This association promotes the recycling of small rechargeable batteries based on the Act on the Promotion of Effective Utilization of Resources.

■ Recycling 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 established a collection and recycling system in more than 30 countries while registering with local collection organizations. The Nikon Group will continue taking appropriate measures in the future for the collection and recycling of used products.

We are also implementing assessments at the design stage of products and promoting easy-to-dismantle design, the reduction of the type of raw materials to use, and the active use of recycled resources to comply with the Act on Promotion of Recycling of Small Waste Electrical and Electronic Equipment*² in Japan.



Symbol for recycling in the EU.

*¹ WEEE Directive (Waste Electrical and Electronic Equipment)

Under legislation enacted in the EU in 2003, Member States are required to collect and recycle waste electrical and electronic equipment. The WEEE Directive was revised in 2012.

*2Act on Promotion of Recycling of Small Waste Electrical and Electronic Equipment

Act enforced in April 1, 2013. This legislation stipulates the duty of entities from the government and local public authority to business operators and manufacturers for the purpose to promote recycling that include small waste electrical and electronic equipment such as digital cameras and game devices.

■ Recycling of Packaging Materials

The Nikon Group promotes the recycling of packaging materials for Nikon products 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 collection and recycling system* in accordance with its national laws. Many of those frameworks adopt the Green Dot system*. In EU, the Nikon Group cooperates in the collection and recycling of packaging materials in those countries that participate in the program by paying a collection and recycling fee to recycling organizations in each country and by displaying the Green Dot mark on its product packaging.



Green Dot symbol

* Green Dot System

A collection and recycling system for packaging waste adopted by domestic legislation in Member States in accordance with the 1994 EU Packaging and Packaging Waste Directive..

Column

Recycling at Nikon Tsubasa Inc.

We are disassembling and recycling items such as prototypes, products used at exhibitions as well as computers and hard disk drives that are no longer necessary. This is done by Nikon Tsubasa Inc. special subsidiary (hereinafter Nikon Tsubasa Inc.) that was established based on the Law for the Promotion of Employment of Persons with Disabilities in 2000. We previously disposed such items as waste by commercial operators, but we have been able to sell such items as valuables through separation and disassembly. Furthermore, disposing items within the Group has profound significance from the perspective of information security such as confidentiality. Even though the amount is small, we believe recycling efforts that start on the ground are important and we are furthering these types of recycling initiatives for the future.



People in charge disassemble the products to the smallest possible units by hand and separate to 15 types according to the materials such as glass, metal, plastic and so on. The complex product can take more than one day to disassemble one unit.



An instructor shows how to do in front of the person in charge before start working. The instructor makes a final confirmation to realize correct separation. We are also paying close attention to the safety. For example, we require protective glasses and gloves to be worn while the work is conducted.

The results of these disassembly operations indicated below.

Results for the Year Ended March 31, 2016

Crude iron (ferrous metals)	563kg
Nonferrous metals (copper/aluminum, etc.)	921kg
Plastic	314kg

Please see Vigorous Activities Demonstrated by Diverse Employees > Supporting People with Disabilities for more information about Nikon Tsubasa Inc. (P125)

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

Packaging Measures

■ Volume and Weight Reduction of Packaging

The Nikon Group makes efforts to improve the recyclability through the reduction of the use of hazardous materials as well as efforts to save resources by reducing both the volume and weight of packaging.

We formulated Nikon Packaging Assessment for the purpose of improving the environmental compatibility of our packaging materials in 2001 in order to assess and confirm the items below while evaluating the designs of packaging when developing new products in each business division.

Moreover, we are revising the Nikon Packaging Assessment to be in-line with the relevant laws and regulations.

[Primary Assessment Items]

- Restriction of hazardous substance use
- Clear identification of materials/quality
- Reduction of volume and weight
- Easy separation (improvement of the availability to separate and disassemble)
- Improvement of transport efficiency (standardization of geometry, etc.)



Product boxes of compact digital camera

The cubic volume of the subsequent model (left: A900) is reduced roughly 13% compared to the previous model (right: S9900).

■ Reduction of Paper Resource Consumption for User's Manuals

Digitalization of User's Manuals for IC Steppers and Scanners

IC steppers and scanners have complex structures and operations and are yet necessary for many adjustment operations. This means that its user's manuals contain a very large number of pages. The part of the manuals that explain early model IC steppers and scanners released in 1990 had as many as 3,100 pages. Thereafter, the volume of the user's manuals continued to grow as higher precision was demanded for steppers and scanner.

The Nikon Group began digitalizing and distributing electronic user's manuals in the form of CD-ROMs in 2008. This allowed us to save approximately 100,000 sheets of paper each year, which is the equivalent to the user's manuals published on paper. The digitalization of user's manuals also contributes to not only resource saving but also helped save space in our customers' storage areas and improved user-friendliness.

In addition, we are able to reduce paper resources to complete user's manuals even in the production process of the user's manuals by confirming and revising the documents on computer screens rather than on paper. The Nikon Group takes part in the preparation of guidelines for paperless proofreading of user's manuals in an industry association and is working to move all internal revision work to an electronic format.

We also apply this same activity even in the process of creating user's manuals for FPD lithography systems.



Gathering information for over 6,000 pages on a single CD

Resource-saving in Material in Digital Camera Packaging

The Nikon Group advances resource-saving from the user's manuals and warranties to the packaging for digital cameras. We are also moving forward with our switch from concise paper versions to detailed digital versions of our user's manuals. We provided digital user's manuals for compact digital cameras by CD-ROM starting in 2007 and implemented methods to download user's manuals from our website starting in 2012. In 2014, electronic user's manuals became available online all over the world and we completely eliminated the inclusion of CD-ROMs in the packaging for our compact digital cameras and advanced cameras with interchangeable lenses. Thereafter, we also stopped including CD-ROMs in packaging for digital SLR cameras that still included a CD-ROM and started only providing download digital versions for new models released beginning in 2015. These initiatives connected to not only resource savings but also to user benefits that include improved searchability and timely provision of information in addition to contributing to the reduction of CO₂ emissions in transport. We have also started testing the unification of warranties that had been included in the packaging on paper with the user's manuals. We started with compact digital cameras for Europe and are expanding this effort to other regions and products. We adopted boxes that did not use ink that included hazardous chemicals for a portion of our lens products in 2015 in addition to working to promote miniaturization, save resources, and reduce CO₂ during transport even for packaging. We believe at the Nikon Group in connecting to the reduction of the large environmental impact by accumulating a multitude of small innovations for various materials in packaging from now and into the future.



Our download center. This one place brings together not only up-to-date user's manuals but also firmware and software updates.

Initiatives Toward Waste Reduction

The Nikon Group promotes the reduction of waste and the improvement of recycling rates by defining the five levels of zero emissions*.

* Zero emissions

Zero emissions was proposed by the United Nations University in 1994. The concept takes a view to reducing waste from the whole of society to zero by recycling waste from one industry for use as resources for other industries.

■ Toward Zero Emissions

In the year ended March 31, 2009, the Nikon Group defined four levels of zero emissions according to the rate of final landfill disposal. With the fact that many facilities had already achieved and maintained Level 1, we added Level S according to the existing levels in the year ended March 31, 2014. We are striving to achieve a further reduction in our final landfill disposal rate.

Nikon and all of the Group manufacturing companies in Japan have achieved Level S as Hikari Glass Co. Ltd., the only company that remained Level 1 in the Group manufacturing companies in Japan, achieved Level S in the year ended March 31, 2016.

Nikon Imaging (China) Co., Ltd. (China) maintained Level 1. We are promoting initiatives that aim for Level 1 also at other Group manufacturing companies outside Japan in the future.

Five Levels of Zero Emissions

Level S: Under 0.5% of the final (landfill) disposal rate (added in the year ended March 31, 2014)

Level 1: Under 1% of the final (landfill) disposal rate

Level 2: Under 5% of the final (landfill) disposal rate

Level 3: Under 10% of the final (landfill) disposal rate

Level 4: Under 20% of the final (landfill) disposal rate

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

**Achievement of the levels of Zero Emissions
(Year Ended March 31, 2016)**

Level	Company name
Level S	Nikon Corporation (All six plants)
	Tochigi Nikon Corporation/Tochigi Nikon Precision Co., Ltd.
	Sendai Nikon Corporation
	Miyagi Nikon Precision Co., Ltd.
	Kurobane Nikon Co., Ltd.
	TNI Industry Co., Ltd.
	Hikari Glass Co., Ltd.
Level 1	Nikon Imaging (China) Co., Ltd.
Level 2	Hikari Glass (Changzhou) Optics Co., Ltd.
	Nanjing Nikon Jiangnan Optical Instrument Co., Ltd.

Results of Waste Reduction

The amount of waste generation (excluding valuable resources) during the year ended March 31, 2016 by Nikon Corporation was 2,831 tons, while that by Group manufacturing companies in Japan totaled 2,314 tons. The amount of landfill disposal of Nikon and Group manufacturing companies in Japan was 4 tons and the recycled amount was 5,141 tons.

Together, Nikon and the Group manufacturing companies in Japan achieved their target of 1% reduction compared to moving average emission* of recent three years. Furthermore, the amount of waste generation from our Group manufacturing companies outside Japan was 2,239 tons.

* Excluding amount of occasional disposal

Progress Made by the Nikon Group in Japan

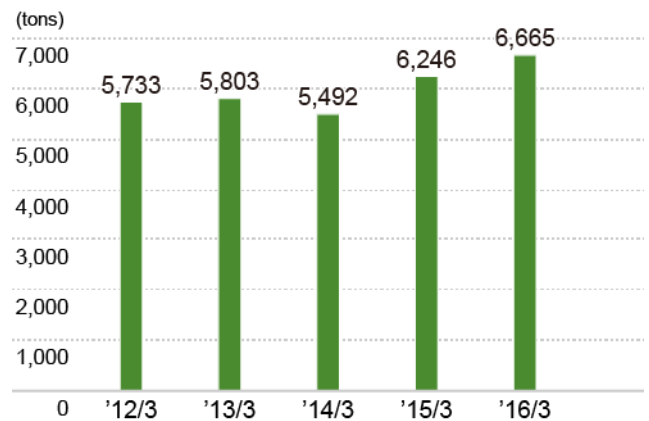
In Nikon and Group manufacturing companies in Japan, we introduced a waste management system, which supports the Electronic Manifest* System (JWNET). This system allows us to unify the waste generation calculation method, enabling rapid data collection regarding waste emissions and increasing data accuracy. We plan to further visualization of data in the future by linking to other systems.

In addition, we will examine the application of the waste management system for non-manufacturing facilities in Japan.

* Electronic manifest

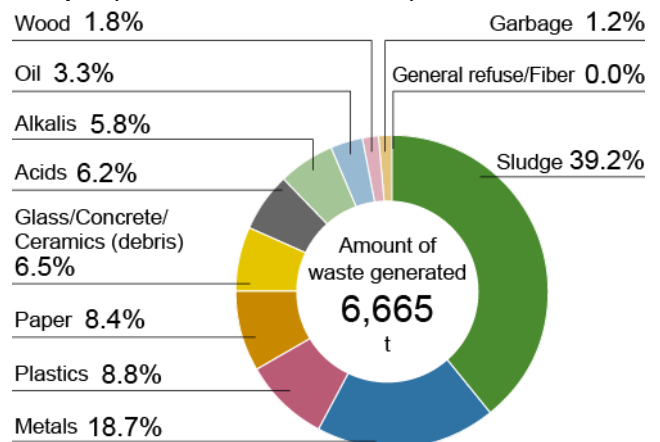
The manifest system was established to prevent illegal dumping of waste. Under the system, companies identify and manage the flow of disposal of their waste by the use of manifests. Electronic manifests are manifests digitized for more advanced and efficient waste management.

Amount of Waste Disposal Including Valuable Resources at Nikon Corporation and Group Manufacturing Companies in Japan



* Including amount of occasional disposal

Breakdown (by category) of Waste Including Valuable Resources at Nikon and Group Manufacturing Companies in Japan (Year Ended March 31, 2016)



Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

■ Initiative Examples of Group Companies Outside Japan

Achievement of Level 1 Zero Emissions

In China, Nikon Imaging (China) Co., Ltd. commenced activities toward zero emissions since the year ended March 31, 2009. It has assessed the current situation and examined disposal methods besides landfill according to the type of wastes. As a result, the waste disposal companies have been changed to those that are able to offer recycling and other such services. Thanks to its wide-ranging efforts, it achieved level 1 zero emissions in the year ended March 31, 2010. During the year ended March 31, 2016, it retained its level 1 with a final landfill disposal rate of 0.62%. The company is also recycling waste generated from the cleaning process.

Collection of Waste Generation Data

Nanjing Nikon Jiangnan Optical Instrument Co., Ltd. (China) and Hikari Glass (Changzhou) Optics Co., Ltd. (China) began collecting accurate data of the waste generation in the year ended March 31, 2012 and had established the waste management system. Both of them achieved the target of level 2 zero emissions in the year ended March 31, 2016.

Efforts at Non-manufacturing Facilities Outside Japan

In order to save resources, all non-manufacturing facilities outside Japan endeavor to reduce the use of paper cups and other disposable dishes, and to refrain from printing documents. The offices also promote waste separation and raise awareness of resource recycling.

Nikon Instruments (Shanghai) Co., Ltd. (China) and Nikon International Trading (Shenzhen) Co., Ltd. (China) have changed settings of multifunction devices and introduced software to allow the content of documents to be confirmed before printing. This resulted in a reduction to the amount of paper used by allowing confirmation before accidental or unnecessary copying. Nikon India Private Limited uses a service that recycles used paper from the office, turning it into notebooks, which are then once again used in the office.



Paper recycling box (left) and notebook made from recycled paper (right) at Nikon India Private Limited

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

Green Purchasing

We promote green purchasing to prioritize the purchase of environmentally-friendly goods by focusing on friendliness to the environment as for various indirect materials to use in business from ballpoint pens to computers.

■ Green Purchasing Policy

We have worked for green purchasing as one of the themes of our environmental conservation by formulating the Basic Policy for the Promotion of Green Purchasing and the Nikon Green Purchasing Standards.

We have standardized the goods for green purchasing at Nikon and Group companies in Japan in the year ended March 31, 2016. Uniform implementation was difficult overseas due to differences in aspects such as social backgrounds, but initiatives for active green purchasing have begun.

Basic Policy for the Promotion of Green Purchasing

Policy

The Nikon Group prioritized the purchase of goods that take into account their effect on the environment from production to distribution, use, and disposal (environmentally-friendly goods) based on the Nikon Basic Environmental Management Policy and Nikon Basic Procurement Policy in mass production, mass consumption, and mass waste social systems.

Basic Approach

- (1) Prioritize purchase of environmentally-friendly goods.
- (2) Sufficiently take into account the necessity and required amount.
- (3) Take into account the life cycle of the goods.
- (4) Switch from purchasing "things" to purchasing "services".
- (5) Take into account initiatives toward the environmental conservation of the supplier.

■ Promotion of Green Purchasing

The Nikon Group sets company-wide targets in an environmental action plan and each business facility of Nikon formulates the targets based on the company-wide targets. Each unit calculates the rate of green purchasing to promote green purchasing. We have striven for green purchasing with different targets set by each Group companies in Japan. We now have adjusted the goods for green purchasing to be the same at Nikon and Group companies in Japan as of the year ended March 31, 2016 to promote activities unified throughout the entire group. We plan to apply this green purchasing from the year ending March 31, 2017.

We are planning to conduct a status survey of our main Group manufacturing companies in China as the first step to expand these same efforts for overseas Group Companies.

Green Purchasing Ratio

	Results for the Year Ended March 31, 2016
Nikon Corporation	98%
14 Group companies in Japan	95% to 100%

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

Conservation of Forest Resources

As part of its conservation of forest resources, the Nikon Group is committed to reducing its use of paper.

Furthermore, we recommend the conversion to paper that is friendly for sustainable use of forest resources based on the Paper Procurement Policy formulated in 2013 for the paper resources we use.

Paper Procurement Policy

Established April 25, 2013

Policy:

Nikon shall procure paper with concern given to biodiversity conservation and sustainable use of forest resources.

Operation Policy:

- In procuring paper, Nikon shall preferentially purchase paper made with concern for the environment based on the following principle: We shall preferentially purchase FSC-certified paper or 100% recycled paper (R100).
- In case the paper described in item 1 above is unavailable, we shall purchase the following as a second-best paper:
 - Paper certified by a reliable certification system other than the FSC or recycled paper other than R100.
Ensure that the paper is not obtained from a forest of high protective value, such as those defined as HCVPs or by the FSC; or
 - Paper confirmed to be compliant with relevant laws and regulations.
Raw timber for the procured paper shall be trimmed following an appropriate procedure according to laws pertaining to forests in the country or region where the raw timber is produced.
- We shall avoid purchasing paper materials made by a company deemed to have environmental or social problems in its material procurement and business activities.

■ Conversion to FSC-certified Paper*

Based on the Paper Procurement Policy, we are switching the paper we use to FSC-certified papers in order of priority evaluated by the usage amount and impact to the society.

All papers used for the catalogs of the Imaging Business products have been completely switched to FSC-certified papers in Japan. Also, our corporate envelopes and name cards given to external stakeholders by the corporate departments of Nikon have been switched to FSC-certified paper as of the year

ended March 31, 2016.

We will work on the transition to FSC-certified paper for paper used in our business divisions as our environmental action plan for the year ending March 31, 2017.

* FSC-certified paper

Paper certified that it is made by using timber of appropriately managed forests.

■ Participating in the Consortium

We frequently hear reports of numerous problems involving the decline in the world's natural forests, but the proper paper procurement performed by only a single company has limited impact. Therefore, Nikon has participated in the Consortium for Sustainable Paper Use (CSPU) since June, 2014. The consortium was established jointly by the corporations who do their efforts on paper use actively, World Wide Fund for Nature (WWF) Japan, an international environmental conservation NGO, and Response Ability, Inc. Its objective and goal is to encourage and expand sustainable use of paper throughout society. Nikon is developing its own initiatives through exchanges of information with member companies, and also contributing to informing society as a whole of the appropriate use of paper. We have participated in a dialogue with paper companies and supplier companies in the year ended March 31, 2016. It has been a good opportunity to gain specific keys to promoting the transition to FSC-certified paper while deepening our understanding of the current supply chain by exchanging ideas with eight paper manufacture companies, printing companies, and suppliers that sell office supplies such as copy paper.



CSPU's logo

■ Conversion of Usage of Paper

In the year ended March 31, 2016, Nikon and its Group companies in Japan have set a target to reduce the amount of copy/printout paper purchased by 5% compared to the amount of the year ended March 31, 2015. Due to large reduction in the year ended March 31, 2015 (20.6% compared to the previous year) through introducing central management system of amount of copy paper used, there were only minor chance for reduction and the target was not achieved. We will introduce the same system to overseas Group companies going forward.

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

Protection of Water Resources

The Nikon Group recognizes the importance of water resources and endeavors to protect water resources. Because the risk related to water resources is different according to the regions, the Nikon Group grasps the amount of water and the way of use, and manages appropriately at each facility and Group manufacturing companies. Among all of the Nikon Group products, especially optical components require large quantities of water resources in the manufacturing process. Therefore, the facilities and Group manufacturing companies that produce optical components treat the wastewater from the manufacturing process properly and promote its reuse actively. Also, the reduction of water usage is strictly managed through water conservation activities.

The amount of water used for the year ended March 31, 2016 was 2,769 thousand m³ in Nikon and Group manufacturing companies in Japan and 1,098 thousand m³ in Group manufacturing companies outside Japan.

■ Examples of the Circulative Use of Water

The quantities of water resources used by Nikon Corporation's Sagami-hara Plant, which is responsible for an integrated process to manufacture optical materials and process optical components, accounts for about 50% of use by the Nikon Group in Japan. The waste gas cleaning equipment at the plant uses a large quantity of water. This equipment removes acid components contained in gas leftover from the glass manufacturing process by using water as an adsorbent. Therefore, the Sagami-hara Plant recovers, recycles and reuses the water used for the waste gas cleaning equipment. As a result, the use of circulated water accounts for approximately 60% of the total water used in the cleaning process.

In addition, about 30% of the total water used in the finishing process is circulated at Hikari Glass Co., Ltd., which manufactures optical glasses and optical glasses related components.

Nikon Imaging (China) Co., Ltd. conserves approximately 22,800 tons of water a year through initiatives that include the reuse of concentrated water discharged from RO water* purification process as water for toilets.

* RO water

RO water refers to pure water removing foreign contaminants through Reverse Osmosis (RO).



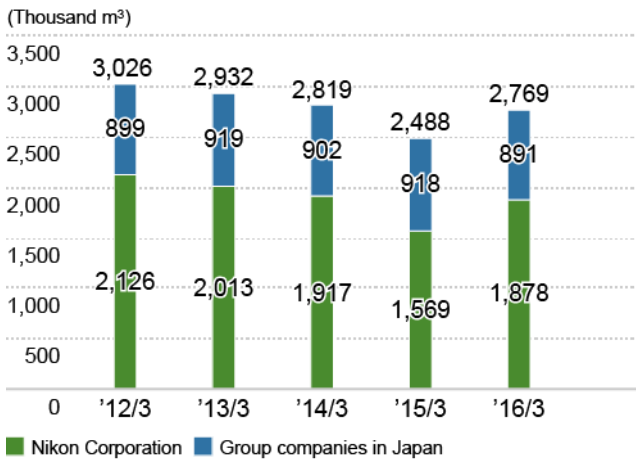
Reuse of concentrated water discharged from the RO water* purification process at Nikon Imaging (China) Co., Ltd.



Concentrated water storage

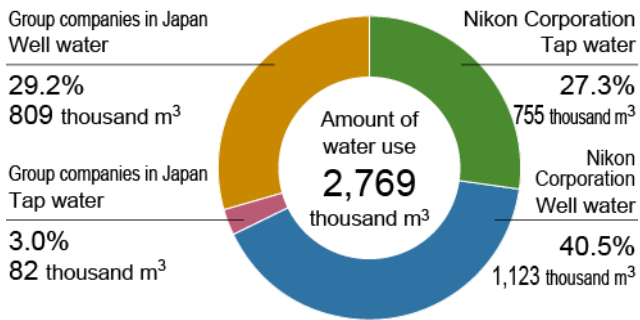
Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

Water Use by Nikon Corporation and Group Companies in Japan



* Boundaries (in and outside Japan) was expanded from '16/3.

Breakdown of Water Use by Nikon Corporation and Group Companies in Japan (Year Ended March 31, 2016)



Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

Realizing a Healthy and Environmentally-safe Society

The Nikon Group sets some initiatives as environmental targets and executes steadily. The initiatives are related to products and business facilities such as chemical substances management for the provision of healthy and environmentally-safe products, and contribution to sustain the environment in the local communities.

Reducing Hazardous Substances in Products

The Nikon Group strives to reduce hazardous substances and implement measures, including the items listed below for all of our products, in order to comply with international regulations for hazardous substances.

■ Response to Regulations on Hazardous Chemical Substances

Currently, new regulations on chemical substances are being enacted around the world. Background of this trend is the tremendous progress that has already been made toward the establishment of an international framework for the appropriate management of chemical substances. Significant milestones include the announcement of the Rio Declaration on Environment and Development*¹ in 1992, in which the “preventive approach” was proposed, and the adoption of the Johannesburg Plan of Implementation*² and SAICM*³. In order to protect human health and reduce environmental risks, the Nikon Group endeavors for chemical management that adheres to international frameworks. We also make sure to respond to the environmental laws and regulations worldwide including the European RoHS directive*⁴ and the REACH Regulation*⁵ through following measures.

As Nikon products are made of a great number of materials and components, reduction of use and emission of hazardous chemical substances are implemented throughout the entire supply chain with the cooperation of our procurement partners.

Main Measures for Chemical Substance Management

1. Survey on global law and regulation trends
 - Collect information from external committees
2. Survey on hazardous chemical substances in products
 - Conduct surveys throughout supply chain
 - Manage data efficiently through informatization
 - Chemical analysis, etc.
3. Discuss countermeasures as the Nikon Group
 - Utilize internal systems (various committees) related to the environment
4. Communicate countermeasures both internally and externally in a timely manner
 - Instructions to reduce the usage amount and provide information about alternatives for hazardous chemical substances

- Establishment and updating of the Nikon Green Procurement Standards
5. Confirm response to laws and regulations
 - Implement assessments
 6. Confirm and promote the chemical management of procurement partners
 - Audit the chemical substance management system of procurement partners
 - Support procurement partners to establish chemical substance management system

> [Promoting Green Procurement \(P101\)](#)

PDF Nikon's declaration on compliance with REACH Regulation (PDF: 32KB)
http://www.nikon.com/about/sustainability/environment/Nikon_REACH.pdf

*1 Rio Declaration on Environment and Development
 Declaration composed of 27 principles that was made at the United Nations Conference on Environment and Development held in Rio de Janeiro, Brazil in 1992.

*2 Johannesburg Plan of Implementation
 This plan, which was made in 2002, sets out the specific issues to be tackled by governments of each participating country for the achievement of the following target: “By 2020, chemicals are used and produced in ways that lead to the minimization of significant adverse effects on human health and the environment.”

*3 The Strategic Approach to International Chemicals Management (SAICM)
 The Strategic Approach to International Chemicals Management, an international agreement on the management of chemical substances made to achieve the target of the Johannesburg Plan of Implementation.

*4 RoHS Directive (Restriction of Hazardous Substances)
 “RoHS” stands for “Restriction of Hazardous Substances.” This directive was adopted by the European Union (EU) in 2003. It restricts the use of certain hazardous chemical substances in electrical and electronic equipment with a view to minimizing the risks that these substances pose to the environment and human health. The RoHS Directive has been revised in 2011.

*5 REACH Regulation
 A regulation on chemical substances issued by the EU in 2007. “REACH” stands for the “Registration, Evaluation, Authorization and Restriction of Chemicals.” Under the regulation, manufacturers and importers of chemical substances are mandated to register information on the safety and use of these substances.

■ Discontinued Use of Ozone-layer-depleting Substances

The Nikon Group gradually decreased the use of ozone-layer-depleting substances* (HCFCs) as refrigerants required to regulate the temperature for semiconductors and FPD lithography systems until finally discontinuing their use in all Nikon products for equipment shipped in and after the year ended March 31, 2009.

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

* Ozone-layer-depleting Substances

This is a causative agent leading to the destruction of the ozone layer. It often refers to substances that are the subject of regulations in the Montreal Protocol. In Japan, the focus is on specific substances, based on the ozone layer protection laws, such as organic chlorine compounds like specific freon and organic bromine compounds like specific halon.

■ Technology Not Using Hazardous Substances

The Nikon Group contributes to the realization of a healthy and environmentally-safe society through the development of technology that does not use hazardous substances.

The Nikon Group developed a lead- and arsenic-free glass* in the 1990s as we recognized that lead and arsenic used in most optical glass had serious environmental impact. Today, the ratio of lead- and arsenic-free glass in new designs is 100% with the exception of some products with unique specifications for industrial use. We have achieved 100% lead-free circuit boards for all our consumer products. In principle, we have also eliminated lead from new circuit boards used in industrial products (such as steppers and scanners, microscopes, and measuring microscopes).

In addition, we established a strict technical standard to discontinue the use of heavy metals (hexavalent chromium, lead, cadmium, and mercury) in all surface treatment processes including plating. To ensure practices of the standard, we provide individual technical assistance and check actual items by chemical analysis for our procurement partners contracted to perform 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 proportion of lead-and arsenic-free glass is 100% of almost all Nikon products.

Management and Reduction of Hazardous Chemical Substances

The Nikon Group properly manages and reduces the use of chemical substances in each facility and Group manufacturing company. We also report and disclose information in line with the relevant laws and guidelines while working to reduce the use of hazardous chemical substances.

Furthermore, in order to prevent air pollution, water pollution and soil contamination by emission of hazardous chemical substances, the Nikon Group not only complies with the appropriate laws and regulations, but also manages various

initiatives. For example, we work closely with relevant local organizations regarding the local environment and set voluntary standards to prevent pollution.

■ Control and Reduction of Chemical Substances in Manufacturing

The Nikon Group manages chemical substances from their purchase and use through to disposal to prevent chemical pollution of the environment and promote safety.

As an example, Nikon Corporation obtains a safety data sheet (SDS)*¹ for any new chemical substance purchased. The workplace where the substance will be used conducts a prior assessment of the risks associated with that substance. Then, the implemented measures based on the assessment are checked and confirmed by the environment, health and safety department from a professional point of view. 1,266 cases were confirmed in Nikon Corporation and the Group manufacturing companies in the year ended March 31, 2016.

The Nikon Group strictly controls the use of chemical substances, in particular those with a high environmental impact that are specified in laws and ordinances, so as to minimize their use. We will continue conducting research into alternative substances and maintain our efforts to reduce the risk of chemical contamination to as close to zero as possible at each local environmental sub-committees and other associations.

For example, we created the Nikon PRTR*² Guide for Nikon Group companies in Japan and expand our management activities to each business facility where the chemical substances listed in PRTR are used.

In addition, Tochigi Nikon Precision Co., Ltd. uses organic solvent in the parts' cleaning process. Use of organic solvents will cause VOC (volatile organic compound) gas. We introduced a system that captures, liquefies, and reuses the VOC gas in the cleaning process. This has allowed us to reduce the amount of VOC emissions and organic solvents usage by 47%.

*1 Safety Data Sheet (SDS)

It is obligatory to provide in advance a safety data sheet when transferring or providing to other corporations a "chemical substance or products containing a chemical substance", as specified in the Pollutant Release and Transfer Register law. The SDS describes the characteristics and the handling of the substance and aims to improve chemical substances management.

*2 PRTR

In Japan, the "Pollutant Release and Transfer Register" system is a system used by governments to collect, tabulate, and disclose data on chemical substances that might have harmful effects on human health and ecosystems. They are identified and reported to governments once per year by companies.

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

■ The Nikon Group's PRTR

The Nikon Group in Japan created the Nikon PRTR* Guide in March 2000. All of its facilities in Japan have been using this guide to manage the chemical substances used at their facilities,

including quantity management from purchase and use through to disposal as well as safe handling and disposal of chemicals according to SDS. Moreover, we are revising the Nikon PRTR Guide according to the trends of relevant laws and regulations.

Release and Transfer of PRTR Substances (Year ended March 31, 2016)

(Unit: kg)

Facility		Nikon Corporation							
Substance No.		20	71	87	185	300	384	392	
Substance name		2-aminoethanol	Ferric chloride	Chrome and trivalent chromic compounds	Dichloropentafluoropropane	Toluene	1-bromopropane	Normal hexane	
Volume handled		1,540	483	88	54	98	20,896	3	
Amount released	Air	1,540	0	0	53	0	20,820	3	
	Public water	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	0	483	88	1	98	76	1	
Amount in on-site landfill		0	0	0	0	0	0	0	
Amount removed for processing		0	0	0	0	0	0	0	
Amount shipped in products		0	0	0	0	0	0	0	
Facility		Group manufacturing companies in Japan							Total
Substance no.		71	185	300	384	392	405		
Substance name		Ferric chloride	Dichloropentafluoropropane	Toluene	1-bromopropane	Normal hexane	Boron compounds		
Volume handled		4,480	1,522	3,953	37,114	10	30,982	70,241	
Amount released	Air	0	1,522	3,471	36,728	10	31	64,179	
	Public water	0	0	0	0	0	2	2	
	Soil	0	0	0	0	0	0	0	
Amount transferred	Sewage	0	0	0	0	0	0	0	
	Waste	4,480	0	482	386	0	9,895	15,989	
Amount in on-site landfill		0	0	0	0	0	0	0	
Amount removed for processing		0	0	0	0	0	0	0	
Amount shipped in products		0	0	0	0	0	21,054	21,054	

* Nikon Corporation: Head office, Ohi Plant, Shonan Branch, and Mito Plant do not handle substances that are subject to reporting.

* Main Group companies in Japan: Nikon Instech Co., Ltd., Nikon Systems Inc., and Nikon Vision Co., Ltd. do not handle substances that are subject to reporting.

* The total volumes handled may not always sum due to rounding.

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

■ Control and Disposal of Polychlorinated Biphenyl (PCB) Waste

The Nikon Group observes stringent safekeeping and notification practices for PCB-containing waste and electrical equipment in use in compliance with laws and regulations.

The facilities that possess these devices are three Nikon plants and three Group manufacturing companies in Japan. The main devices are capacitors for high-density PCB waste and transformers for low-density PCB waste.

In addition to high-density PCB waste that has been disposed properly, we plan to dispose the remaining PCB-containing waste and electrical equipment in use. This will be carried out in order to meet the deadline specified in the Law Concerning Special Measure against PCB Waste* in cooperation with JESCO (Japan Environmental Storage & Safety Corporation) for high-density PCB waste and a government-certified waste disposal operator for low-density PCB waste.

* Law Concerning Special Measure against PCB Waste

Special disposal measures to promote the appropriate processing of Polychlorinated Biphenyl waste. Under this law, business operators that have polychlorinated biphenyls (PCBs) in store were required to properly dispose of them by July 2016. As a result of partial revisions to this law in December 2012, the period was extended to March 2027.

■ Prevention of Pollution of the Air, Water, and Soil

Neither Nikon Corporation nor any Group manufacturing company in Japan emitted regulated substances into the air at levels exceeding the standards in the year ended March 31, 2016. There were two cases of wastewater quality exceeding the legal standards, both of them were restored to normal values after measures were taken.

Detailed information and data are available in the environmental data sheet for each business facility.

 Environmental Data (Japanese only)

<http://www.nikon.co.jp/sustainability/environment/data/>

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

Community Contribution Activities in the Environmental Field

Believing that the resolution of environmental problems is imperative for human coexistence and sustained business growth, Nikon Group supports environmental conservation activities conducted by non-profit organizations and non-government organizations and works towards the environmental enlightenment of the next generation. In addition, we are conducting environmental conservation activities rooted in local communities at each business facility as well as Group companies.

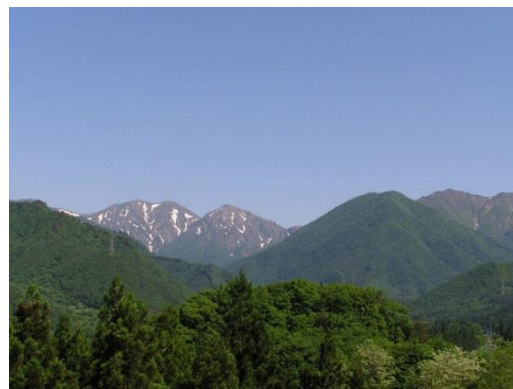
■ Supporting the AKAYA Project in Japan

Nikon has been supporting the AKAYA Project*, which is an initiative to cooperate with countries, local municipals, and associations that protect the environment to recover biodiversity and build a sustainable environment by providing products for research and recording activities to the Nature Conservation Society of Japan since 2005.

The target area of this project is the Akaya Forest, a 10,000-hectar national forest located on the border between Gunma and Niigata prefectures. The forest is home to various wild animals and plants, and almost all the mammals that live in Honshu have been confirmed. The results are driving the shape of national forests in Japan.

We have been furthering an initiative that aims to improve the habitat of golden eagles (endangered Japanese eagles) since 2014 and we are utilizing monitoring and recording of eagle nesting sites with tools such as binoculars and digital cameras that are provided by Nikon Corporation, Nikon Imaging Japan and Nikon Vision. In addition, we are continually assisting in efforts from the environmental education of the local children to the use of timber scheduled to be taken from the forests.

* Officially called the "Biodiversity Restoration Program for Mikuni Mountains and Akaya River." The Program is commonly known as the "AKAYA Project" because its activities are conducted in the areas around Tone River tributaries and upstream of the Akaya River.



Full view of the Akaya Forest

■ Supporting Children's Forest Program in Thailand

Since 2012, Nikon has been supporting the Children's Forest Program in Thailand—an international program organized by OISCA. This program educates children on the importance of forests, while also promoting global greenery through the planting of trees and it is expanding to each country around the world.

Nikon started supporting the program, when severe flooding occurred in Thailand in 2011, causing heavy damage to the area as well as Nikon (Thailand) Co., Ltd. (Thailand). The program seeks to raise environmental consciousness among the local populace and plants trees near schools in areas where improvement of the watershed protection capability of the forest is needed. We have deemed Maepaklae Village in Northern Thailand (Mae Sai, Chiang Rai Province) as a region of focus in 2015 and begun new planting and environmental education project centered around schools in Maepaklae Village. A total of 286 children and local residence participated in activities to plant roughly 3,100 trees on 2.5 hectares of land in the year ended March 31, 2016.



Tree planting in Chiang Khong (picture provided by OISCA Thailand)

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

■ Providing Educational Tools for Environmental Education

Nikon has planned and created educational tools focusing on the environment that can be used in educational venues, such as schools and nature observation gatherings. They target elementary school students and junior high school students so that the children will more fully enjoy nature and at the same time increase their knowledge and interest in biodiversity and environmental conservation.

The tools have been effectively used in educational institutions in many places throughout Japan. Nikon has created "AKAYA NOTE" in connection with support over many years of the AKAYA Project. "AKAYA NOTE" introduces the story of biodiversity in Akaya Forest and tells it with a variety of interesting anecdotes and an abundance of photos and illustrations. Nikon has provided a total of about 7,745 copies of "AKAYA NOTE" (up to the year ended March 2016) to educational sites in Japan in response to their requests. "KIMONO KARUTA" is a Japanese card game developed for children so they can learn about living things while having fun. It has been used at a total of 234 educational communities including elementary schools, junior high schools and other public facilities in Japan (up to the year ended March 2016).



Summer Schools using Nikon's educational tools

■ Local Community Activities

In order to contribute in sustaining the natural environment in local communities, Nikon and Group manufacturing companies in Japan are actively participating and cooperating in activities for environmental conservation and regional revitalization held in the local areas in addition to daily initiatives such as cleaning and cutting grass around our facilities.

Roughly 650 employees in total participated in activities held at each Nikon facility in the year ended March 31, 2016. Yokosuka Plant holds cleaning activities around the plant four times each year and around 30 employees participate every time. Sagamihara Plant participates in the Sagamigawa Cleaning Campaign held in the local community twice a year. Ohi Plant also sponsors events held in the Shinagawa district twice a year and explains our environmental initiatives.

The Nikon Group continues to strive for environmental activities rooted in the community.



Cleaning activities around Yokosuka Plant



ECOECO Festival (Ohi Plant)

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

Basic Policy for Procurement

We have established the Basic Procurement Policy to conduct honest and fair material procurement to continually provide products able to respond to customer expectations in the aim of building a better society and global environment as well as realizing the sustainable growth of the company.

Nikon Basic Procurement Policy

1. Sound corporate activities

Nikon shall conduct sound and fair corporate activities, while complying with applicable laws and prescriptive social norms.

Nikon shall also encourage socially responsible behavior within its supply chain.

2. Open-door procurement

Nikon procures goods and services from global suppliers in as transparent a fashion as possible.

3. Procurement based on the concept of fair competition

Based on the principles of fair, free competition, Nikon assigns top priority to suppliers that offer superior performance in terms of quality, cost, delivery, and corporate reliability.

4. Procurement based on the concept of partnership

Our approach is that Nikon and our suppliers are partners working together to make good products. Under this approach, we work to understand each other, to build a relationship of trust, and to prosper together.

5. Green procurement

For the protection of the global environment, Nikon assigns priority to suppliers that provide consideration for environmental issues and that are actively engaged in environmental preservation activities in the manufacturing process for the procured goods.

* "Nikon" refers to "Nikon Corporation and its domestic and overseas subsidiaries." Affiliates are encouraged to follow these Guidelines or to implement similar standards.

Communication With Procurement Partners

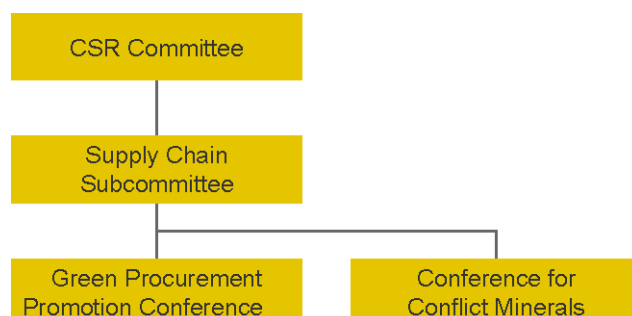
The Nikon Group considers its procurement companies to be partners in building better products together. The understanding and cooperation from people at our procurement partners is indispensable to execute our procurement activities in accordance with the Nikon Basic Procurement Policy as the supply chain becomes more complex.

We are holding meetings with procurement partners every year as a place for mutual communication with our procurement partners at the Nikon Group. These meetings are a venue to communicate the message from our President, including a description about the business environment Nikon is involved, by inviting representatives from the main procurement partners of Nikon. We have established the proper place to directly share the thoughts of Nikon even in regards to our CSR activities. We held explanatory sessions about CSR procurement and conflict minerals for our procurement partners in Japan and overseas in the year ended March 31, 2016.

Nikon Supply Chain Management System

The Nikon Group has established a Supply Chain Subcommittee under the authority of the CSR Committee, in which our directors are committee members, as an organization to judge and determine matters of concern throughout the entire supply chain across departments. The Chairman of the Supply Chain Subcommittee is the director of our procurement division while the members are composed of employees in managerial positions for quality assurance and procurement at each business division.

Outline of Supply Chain Management Organization



Supply Chain of the Nikon Group

Components of Nikon products and some complete parts are procured from procurement partners both inside and outside of Japan. We have approximately 1,700 procurement partners as of the year ended March 31, 2016. Japan, China, and Thailand make up more than 90% of these procurement partners when considered by country. (Calculated based on the country that the head corporate office of the procurement partner is located)

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

Promoting Green Procurement

The Nikon Group is promoting green procurement fundamentally procurement of goods that consider their impact on the environment and procurement partners that actively engage in environmental conservation based on the Nikon Basic Policy for Green Procurement.

Green Procurement Approach and Promotion System

Procuring goods contained in Nikon products that comply with environmental laws in and outside of Japan requires the cooperation of our procurement partners because the products are manufactured from materials and parts that are procured and manufactured along a complex supply chain.

Therefore, we are including these clauses for compliance with standards even in basic partnership agreements while defining the Nikon Green Procurement Standards for procuring complete parts, units, components, materials, and packaging mediums (that fully comply to environmental laws in and outside of Japan) for our procurement partners. We also periodically revise the content of the Nikon Green Procurement Standards based on information such as the laws and regulations in and outside of Japan.

Furthermore, we are expanding our activities that follow the Nikon green procurement activity regulations in the Nikon Group.

We are promoting green procurement in the supply chain by aiming for the examination, implementation, and progress management of specific activity measures by the Green Procurement Promotion Conference, which is an organization under the Supply Chain Subcommittee.

 Nikon Green Procurement Standards
<http://www.nikon.com/about/corporate/procurement/green/index.htm>

Management of Hazardous Chemical Substances through the Entire Supply Chain

We are working to reduce the use and emission of hazardous chemical substances throughout the entire supply chain based on the cooperation of our procurement partners for the purpose of environmental conservation and the reduction of risk in violating environmental laws and ordinances at the Nikon Group. We are specifically aiming to configure an environmental conservation system and management system for chemical substances in products for our procurement partners. In addition, we are complying to the separate volume: Corresponding Chemical Substance List in the Nikon Green Procurement Standards that stipulates chemical substances to restrict and chemical substances to manage in complete parts,

components, materials, packaging, and manufacturing processes of Nikon products. The separate volume: Corresponding Chemical Substance List follows the trends of laws and regulations both inside and outside of Japan and is always updated with the latest information.

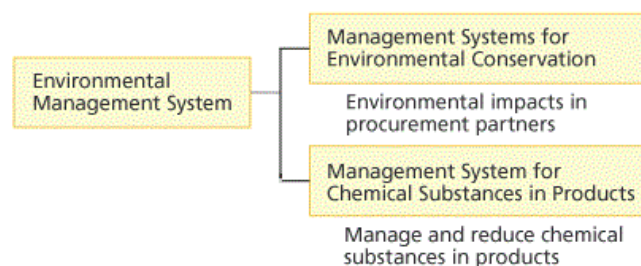
■ Building Environmental Management Systems throughout the Supply Chain

The Nikon Group asks procurement partners to establish and operate environmental management systems that meet the Nikon Green Procurement Standards. Environmental management systems are classified as management systems for environmental conservation and management systems for chemical substances in products.

Systems for managing environmental conservation require our procurement partners to build structures for reducing the environmental impact of their business activities. Because of the worldwide rise in awareness of environmental conservation, many procurement partners have already obtained ISO 14001, Eco-Action, or other certifications. Systems to manage chemical substances in products, on the other hand, require building structures that target chemical substance in products to manage and reduce environmental impact of chemical substances.

As well as auditing the environmental management systems of our procurement partners, the Nikon Group supports the construction of these systems and promotes further improvements of environmental management systems across the supply chain. Furthermore, the results of these efforts reported no violations to environmental laws at our procurement partners for the year ended March 31, 2016.

Environmental Management Systems



Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

■ Auditing Environmental Management Systems and Certifying Nikon Environmental Partners

The Nikon Group has been auditing environmental management systems built and operated by our procurement partners since the year ended March 31, 2010.

We introduced audits by selecting a total of 409 companies in the year ended March 31, 2016 as procurement partners for an audit by taking into account aspects such as monetary dealings, the amount of dealings, and the importance of procurement goods.

We request corrections in case of deficiencies in the environmental management systems, and depending on the situation, we support procurement partners who have not yet built the systems. We have supported building systems at 20 companies in the year ended March 31, 2016.

We also certify procurement partners who meet the requirements for environmental management systems based on the Nikon Green Procurement Standards as Nikon Environmental Partners. This certification is subject to renewal audit once every three years. For the year ended March 31, 2016, the total number of certified companies was 347.

We also conduct internal audits of business departments within the Nikon Group to verify our own systems for managing chemical substances in products.

■ Training Environmental Management Systems Auditors

The Nikon Group is putting effort into education of auditors to allow the introduction of high-quality environmental management system audits regardless of whether in Japan or overseas.

In the year ended March 31, 2016, we organized procurement partner environmental audit training for 30 persons at Nikon Group companies. All of them passed the examination and were registered as auditors of Environmental Management Systems. This allowed us to increase the number of auditors to 138 (116 auditors in Japan/22 auditors overseas).

We also created the second edition of the Requirements Checklist for Audit Leaders of Environmental Management Systems, which clarifies the requirements for the audit leaders to cultivate auditor leaders able to fulfill this important role in the audits. We are migrating audits to business divisions and advancing the efficiency of audits while improving the capabilities of audit leaders by confirming and improving the contents of audits through the use of this list.

Results of Audits and Certifications in the Nikon Group

Year ended March 31, 2016 Audit results	Cumulative total for audits in the Year Ending March 31, 2016
New companies 89	409
Updated companies 37	
Year ended March 31, 2016 Environmental Partner certification results	Cumulative total for audits in the Year Ending March 31, 2016 Environmental Partner certification
New companies 76	347
Updated companies 37	

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

Promoting CSR-oriented Procurement

We tackle CSR-oriented procurement in cooperation with procurement partners to fulfill our corporate social responsibility for the supply chain.

Basic Approach to CSR Procurement

We are sincere with society and feel the need to participate in actions based on social responsibility through the entire supply chain in addition to our own to fulfill our social responsibilities. Therefore, based on the Nikon CSR Charter, which is our basic approach toward CSR, and the Nikon Basic Procurement Policy, the Nikon Group is promoting the procurement of CSR to engage with CSR activities including the prevention of bribery and respect for human rights along the entire supply chain.

■ Development of CSR Procurement Standards

The Nikon Group has conducted activities up until now that are key to gaining understanding of the Nikon approach to CSR from its procurement partners.

However, we formulated the Nikon CSR Procurement Standards that clarify our request for compliance to our procurement partners in August of 2015 by outlining the higher social requirements, and the importance of supply chain management for CSR activities. We also comply to the code of conduct of the Electronic Industry Citizenship Coalition (EICC), which has standards equivalent to the global standards of the electronic industry.

URL Nikon CSR Procurement Standards
<http://www.nikon.com/about/corporate/procurement/csr/index.htm>

CSR-oriented Procurement Promotion System

The Nikon Group has established a Supply Chain Subcommittee as an organization to judge and determine matters of concern about CSR throughout the entire supply chain across departments. This subcommittee is chaired by Nikon operating officers and the general manager of corporate operations and is made up of members consisting of procurement departments of business divisions as well as manufacturing Group companies in Japan and overseas. This subcommittee is held every six months to report the main activities during that term as well as discuss plans for the next term.

■ Cooperation with Procurement Partners

The Nikon Group has gradually strengthened hosting of explanatory sessions, status surveys of procurement partners through questionnaires, exchange of ideas with individual partners, visiting confirmation of circumstances at individual partners, and encouragement for procurement partners.

Even when expanding the Nikon CSR Procurement Standards formulated in the year ended March 31, 2016, we have held explanatory sessions to share information from the background of formulating these standards to plans for future activities. Explanatory sessions held three times in Japan, twice in China, and once in Thailand saw a total of 1,223 participants from 897 procurement partners.

In addition, we are promoting CSR for the entire supply chain by requesting the addition of CSR for each and every supplier of our procurement partners (primary suppliers) at the Nikon Group.

This also helps us to share the latest trends regarding CSR-oriented procurement activities in the supply chains within the Nikon Group. There were no reports of breaches in the year ended March 31, 2016.



Procurement explanatory session in China (Wuxi)

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

Supply Chain Communication

The Nikon Group started audits for procurement partners as of the year ended March 31, 2016 to confirm the compliance with the CSR Procurement Standards at procurement partners.

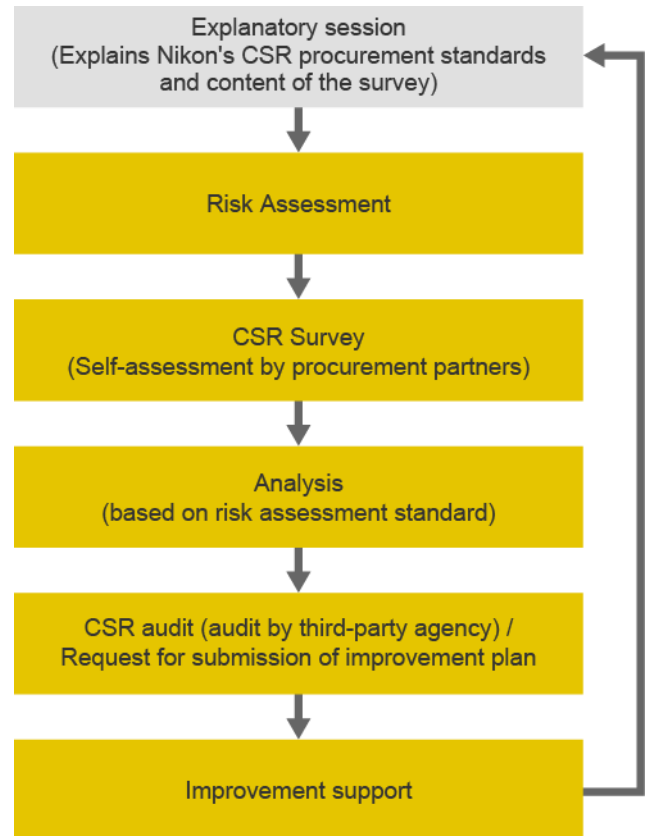
We selected procurement partners thought to have high CSR risk from various perspectives such as regional efforts, handling of materials, and their relationship with the Nikon Group as targets for surveys and implemented a self-assessment by the procurement partner. We assigned a weighted risk to each question and created risk profiles by aggregating each response. We implemented audits through visits by third-party auditing institutions for companies determined to have an especial need for improvement and requested improvements to inconsistencies that were found. We also requested the submission of improvement plans and execution of those plans for procurement partners determined to have importance but that were not part of the audits.

We introduced surveys (100% response rate) at 207 major procurement partners and audited three of those companies (located in Asian countries) in the year ended March 31, 2016. These three companies mainly had issues with labor and ethics and they were requested to make improvements. Additionally, we requested the submission of improvement plans from total of 13 companies including the three companies mentioned above. Two of these companies completed their improvements within the year. Furthermore, we have conducted support (on-site visits, email, etc.) for specific methods toward improvements.

We reviewed each process of the survey and audit for plans to generate higher quality and efficiency in CSR audits in the year ending March 31, 2017. We will continue to conduct audits and promotion of responsible procurement in the future.

The results of these surveys, audits, and improvement requests are also reported to the CSR Committee of supervising boards with members made up of our directors via the Supply Chain Subcommittees.

Flow of CSR Improvement Activities at Procurement Partners



Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

Dealing with the Issue of Conflict Minerals


The Nikon Group strives to realize procurement of mineral resources that are responsible.

The problem of conflict minerals in the Democratic Republic of Congo and its neighboring 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 investigations into the subject. The law went into effect in January 2013. While this law does not pertain to Nikon, we have established the policy of not using conflict minerals mined or intermediated by armed forces violating the human rights in the area, and have been conducting surveys in our supply chain since 2011 specifically on this issue.

Design of Conflict Minerals Response

The conflict minerals response of Nikon is designed based on the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. This guidance helps to respect human rights and avoid mineral procurement attributed to conflict as an optimal guidebook for handling conflict minerals. The Nikon minerals reports are structured based on a five-step framework for due diligence according to risk in the mineral supply chain defined in the Annex I of this guidance. Moreover, as Nikon is a company downstream in the supply chain and do not directly purchase from smelters, the results of this report is based on information provided from primary procurement partners.

* "OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas"

 Ministry of Economy, Trade and Industry | OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas
http://www.meti.go.jp/policy/trade_policy/oecd/html/guidance.html

Execution of Due Diligence

1. Establish strong company management systems

CSR Procurement Standards

We are also working to increase CSR awareness in the company through the Nikon CSR Charter, which stipulates Nikon Group's basic policy on social responsibility, and the Nikon Code of Conduct, which guides our behavior in daily business activities. At the same time, we have formulated the Nikon CSR Procurement Standards based on "Socially responsible behavior within the supply chain" in the Nikon Corporate Social Responsibility Charter in August 2015 as a guide for promoting our approach towards CSR in the supply chain and request procurement partners to comply to them. This standard complies with the code of conduct of Electronic Industry Citizenship Coalition (EICC), which is a global standard in the electronic industry, and includes item on conflict minerals. We requested our procurement partners comply with Nikon policies and policy formulation inside of their own companies through explanatory sessions and other efforts.

 Nikon CSR Procurement Standards

<http://www.nikon.com/about/corporate/procurement/csr/index.htm>

- We explained the content of these standards and requested compliance to Procurement Partners both inside and outside of Japan from August to September of 2015. Additionally, we held explanatory sessions for the members in procurement-related divisions both within and outside Japan in Nikon.
- We also conducted surveys to confirm the compliance status to these standards from October to November of 2015.
- Based on the results, we undertook efforts that included carrying out audits and requesting submission of improvement plans to our high-value procurement partners from January to March of 2016.

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

Policy on Conflict Minerals

Established November 1, 2011, revised February 1, 2013
Revised July 1, 2014

In view of the situation that four minerals (conflict minerals: tantalum, tin, tungsten and gold) mined in the Democratic Republic of the Congo and its neighboring countries are used to finance armed groups, aggravating conflicts, human rights abuses and environmental destruction, Nikon shall not, with the cooperation of our Procurement Partners, use conflict minerals mined or intermediated by armed groups.

Operation Policy

Nikon will conduct and continue surveys in line with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. We request our Procurement Partners to understand and agree to cooperate with our Policy on Conflict Minerals. Our Procurement Partners are also encouraged to cooperate with the surveys and audits conducted by Nikon and to perform responsible procurement of mineral resources within its supply chain.

Internal promotion framework

Based on our Policy on Conflict Minerals, we formed in January 2013, a cross-departmental project team in the company led by a Director, Member of the Board. To ensure addressing conflict minerals is a continuous commitment, we established a standing Conference for Conflict Minerals consisting from representatives selected from related departments in 2014. We have also established the Supply Chain Subcommittee that deliberate and decide concerns from cross-organizational standpoint as a higher tier body, which is chaired by the executive in charge of the procurement department. The Subcommittee also makes decisions and gives approvals related to this matter as well. Furthermore, final approval on significant matters deliberated and decided are made by the Executive Committee which the CEO participates in.

Outline of Organizational Chart for Conflict Minerals (As of June 30, 2016)



Clarification of Roles, Responsibilities, and Operations

Nikon created the Basic Conflict Minerals Rules as the basic policies for the purpose of clarifying the roles, responsibilities and operations of related members in addition to the Conflict Minerals Response Manual that includes more detailed information to continually conduct conflict minerals response activities. In the 2016 survey, these rules were put into operation as a manual and conducted the appropriate response in these matters.

Establishment of Conflict Mineral Hotline

Nikon Corporation has established the Conflict Mineral Hotline in order to receive reports from our stakeholders if there are contrary acts to or concerns about the Nikon Policy on Conflict Minerals. We properly investigate the information obtained through the Hotline, and take corrective actions as necessary so that we can respond quickly to our conflict minerals related risks in our supply chain.

 Conflict Mineral Hotline

<https://www.uw.nikon.com/form/com/cmh/form.php>

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

2. Identify and assess risk in the supply chain

Almost all Nikon products have electronic components and circuits, and tantalum, tin, tungsten, or gold may be contained in them. Additionally, the number of procurement partners that are arranging components used in these products exceeds 1,700 companies. The subjects of our survey were procurement partners that deliver products (main products: cameras/interchangeable lenses) handled by the Imaging Business Unit, which make up about 70% of the sales, and components related to products to incorporate in products of SEC listed companies. We identified and evaluated risk by conducting the survey.

Awareness of Survey Policy and Methods

From August through September 2015, we also held the same meetings for staff in 528 procurement partners (819 participants) both domestically and overseas, explaining Nikon policies, asking cooperation to policies, and providing instruction on filling out CFSI conflict minerals report template* (CFSI template). Additionally, we did explanatory sessions for the members in procurement-related divisions both within and outside Japan in Nikon.

* CFSI conflict minerals report template

Official name: Conflict Minerals Reporting Template (CMRT). This is the publicly available survey template from CFSI, which is an initiative of European and US electronics industry organizations Electronic Industry Citizenship Coalition (EICC) and Global e-Sustainability Initiative (GeSI).

 **CMRT**

<http://www.conflictreesourcing.org/conflict-minerals-reporting-template/>



Explanatory Session in China

Reasonable Country of Origin Inquiry

Survey outline

- Survey was conducted using the CFSI template.
- We confirmed CFSI-acknowledged smelters/CFSP-compliant smelters with smelter information included in the CFSI template received from procurement partners by collating the latest versions of the CFSI-acknowledged list as well as the CFSP-compliant smelter list*¹ that publishes the Conflict Free Smelter Program (CFSP)*² lead by EICC/GeSI.

*¹ CFSP

CFSP: Auditing program for smelters/refineries introduced by the CFSI

*² CFSI-acknowledged list as well as the CFSP-compliant smelter

Lists of CFSI-acknowledged smelters (smelters acknowledged as smelters by the CFSP) and CFS-compliant smelters (conflict-free compliant smelters registered by the CFSP). Nikon collates with the latest versions (revision 4.01b: published November 16, 2015).

Survey results


- We conducted a survey at 1,027 primary procurement partners and had a 100% retrieval rate.
- We encourage the use of answer error confirmation tools released by JAMA*³ to procurement partners, and we further re-confirm answers using the same tools on surveys that are collected for the purpose of increasing accuracy of answers. We request procurement partners to take the survey again if there were any inconsistencies in answers. Additionally, we conducted automated aggregation of analysis data for more efficient aggregation operations.

*³ JAMA

Japan Automobile Manufacturers Association. Association of Japan automobile manufacturers.

Risk Assessment

We determined that there were 223 CFSP-compliant smelters of the 316 CFSI-acknowledged smelters. There were procurement partners that had no entries on the smelters or undisclosed but we actively approach those partners to disclose the information. In addition, smelters that have mine in DRC or a neighboring country were mostly CFSP-compliant smelters. We conduct due diligence for smelters that we couldn't confirm as conflict free.

 CFSP-compliant smelter/CFSI-acknowledged list in Nikon's supply chain (PDF:166KB)

http://www.nikon.com/about/sustainability/supply-chain/cfsi_list_2016.pdf

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

3. Design and implementation of a strategy to respond to identified risks

Response to identified risks in 2015 survey

Identified risks are to be addressed by priority. And, strategies decided were reported to the Executive Committee and approved.

1. The location of the mine is DRC or a neighboring country and not a CFSP-compliant smelter

Procurement partners that have these smelters conducts due diligence.

2. Smelter does not match any CFSI-acknowledged smelters

This smelter is being reviewed to identify the smelter.

3. Smelter is CFSI-acknowledged, but is not CFSP-compliant

Nikon participates in the Responsible Minerals Trade Working Group of the Japan Electronics and Information Technology Industries Association, and promoted participation in CFSP with a joint endorsement from JEITA for smelters in Indonesia and China.

In addition, we visited one smelter in Japan and exchanged opinions about conflict-free issues for smelters as one effort in our conflict-free smelter activities for the JEITA Responsible Minerals Trade Working Group.

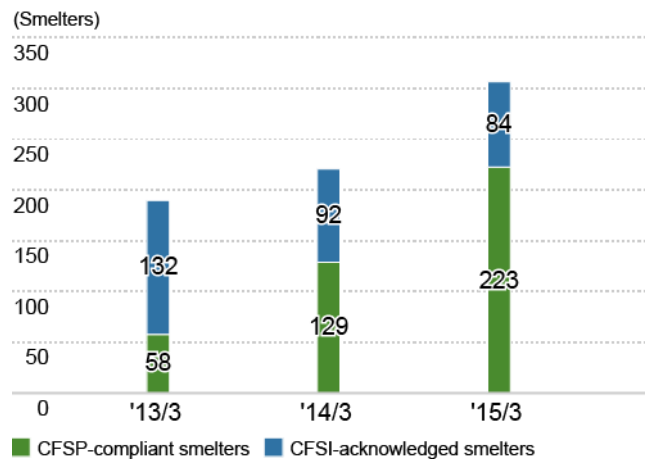
We are striving toward CFS compliance for smelters that are identified while collecting even more highly accurate smelter information based on cooperation with procurement partners in the future as well.

Conclusion

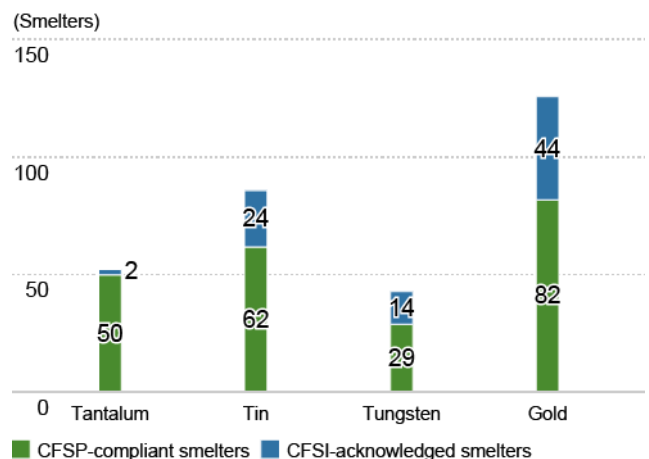
More Conflict-free Products

- We were also able to confirm the smelters used for the Glass Division products were all CFSP-compliant smelters this year.
- The number of CFS-compliant smelters in all of the smelter information has increased each year from 58 (2013) to 129 (2014), and 223 (2015), showing increase of conflict-free smelters. Additionally, we can see the advancement of conflict-free tantalum when looking by mineral as the order has become 96% (tantalum), 72% (tin), 67% (tungsten), and 65% (gold).

Trends of CFS-compliant smelter numbers



CFS-compliant smelter numbers by mineral



Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

Future measures to reduce risks

- CFS-compliant smelters are increasing each year, but there are still many existing smelters that are not CFSI-acknowledged. We will endeavor toward greater visualization of smelter information and use of conflict free minerals in the future.
- We will continue to promote CFSI-acknowledged smelters to transition to CFSP-compliant smelters through supporting activities by JEITA and CFSI.
- Letter of agreement requesting complying with our Policy on Conflict Minerals and cooperating with survey and audit are sent to promote this matter in corporation with primary procurement partners.

■ 4. Carry out independent third-party audit of supply chain due diligence at identified points in the supply chain

Nikon is tackling this issue in cooperation with industry organizations and others. In November 2012, we participated in the study group "Responsible Minerals Trade Working Group" established by the Japan Electronics and Information Technology Industries Association (JEITA) to collect more information. We have engaged in industry group activities since then.

One of the essential steps in promoting conflict-free products is to increase the number of smelters around the world that are confirmed as having no connection with armed forces. That is why we joined the Conflict-Free Sourcing Initiative (CFSI; headquartered in Washington, D.C.), which is establishing the CFS Program in April 2014.




-  Japan Electronics and Information Technology Industries Association | Responsible Minerals Trade Working Group
http://home.jeita.or.jp/mineral/eng/index_e.html
-  Conflict-Free Sourcing Initiative
<http://www.conflictreesourcing.org/>

■ 5. Report on supply chain due diligence

We disclose our supply chain due diligence both on our website and the NIKON REPORT.

Relative Information

-  [Nikon Corporation Slavery and Human Trafficking Statement for the fiscal year ended March 2016 \(P113\)](#)

Respect for Human Rights

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.

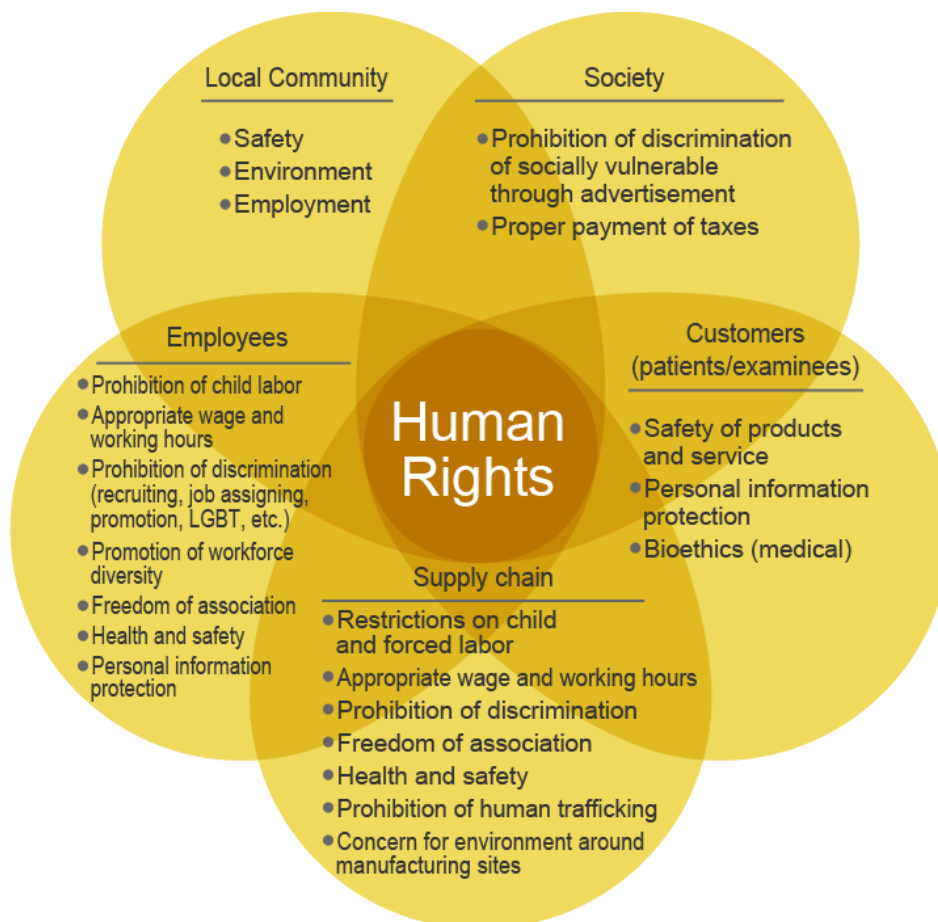
Basic Policy

As impact on human rights by companies' business activities is expanding due to increase of its borderlessness, expectation for companies' efforts to eliminate their impact are becoming higher.

Nikon Group respects basic human rights of all people and strives to eliminate all types of infringement in our business activities, including slavery, child labor, human trafficking, discrimination and harassment. We are committed to this attitude by clearly specifying this in Nikon CSR Charter as well as in Nikon Code of Conduct and Nikon Group HR Vision. In addition, through joining in the United Nations Global Compact which contains principles for human rights and labor, we support the universal declaration for respecting human rights.

We, as a company with a global supply chain, have Nikon CSR Procurement Standards in place which is in conformity with EICC (Electronic Industry Citizenship Coalition) Code of Conduct, a global standard of electronic industry. Especially for the conflict mineral issue which causes serious infringement of human rights, we continue to tackle on the issue it by formulating Policy on Conflict Minerals.

Nikon Group and Human Rights



Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

Promotion system

Based on the aforementioned policies, Nikon Group undertakes initiatives through collaboration of related sections for respecting human rights while conducting business activities. As grievance contact for employees, we have reporting and consulting system in place in each region and company that covers infringement of Nikon Code of Conduct including human rights issues. For the supply chain, Conflict Mineral Hotline is prepared in our website.

> [Reporting/Consulting System \(P52\)](#)

📄 Conflict Mineral Hotline
<https://www.uw.nikon.com/form/com/cmh/form.php>

Main Departments in Charge and Handling Themes Related to Human Rights

Departments in charge	Main handling themes
CSR Committee (Secretariat: CSR Section)	Global trends of human rights related issues
Human Resources Department	Employment, treatment of employees, promotion, health and safety, etc.
Supply Chain Subcommittee (Secretariat: First Procurement Section)	Human rights of supply chain (conflict minerals, modern slavery)

Due Diligence

In Nikon Group, we have conducted annual monitoring survey for human rights and labor aspects since 2010 at all group companies. The survey includes questions about child and youth labor, labor unions, discrimination, disciplinary actions, etc. Survey result is reported to the CSR Committee, and if we found any item that needed clarification, we inquired the relevant group company and made an improvement. In the year ended March 31, 2016, we implemented a survey at 71 group companies including non-consolidated companies, and no serious situation was identified.

With regard to our supply chain, Nikon CSR Procurement Standards specify that procurement partners should respect and support human rights of workers. Specifically, we request them to comply with laws and social norms (ex. prohibition of child and forced labor which constitute the aspects of conflict minerals) for human rights of all employees including temporary, migrant, student, contract, direct employees, and any other type of employees. In order to understand the actual situation, self-assessment survey and on-site audit by third party auditors are conducted for procurement partners with potentially high risks in terms of entire CSR issues. In the risk assessment process, priorities are given to items related to human life. In addition, we conduct a supply chain survey every year in order to confirm whether or not conflict minerals are contained in our products.

> [Promoting CSR-oriented Procurement \(P103\)](#)

> [Dealing with the Issue of Conflict Minerals \(P105\)](#)

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

Training

We have published CSR newsletter for all employees in the group since January 2015 aiming to share information and raise their awareness. The topics include human rights issues. In the fiscal year ended March 2016, we implemented training for elimination of harassment in group companies in Japan, while we confirmed social environment about harassment and the necessity for employee training in overseas group companies. And in Nikon Corporation, a subject of human rights is included in the training program for new employees, where topics of discrimination and harassment are talked about.

For our procurement partners, we hold explanatory sessions about CSR Procurement Standard and Conflict Minerals survey in order to reinforce understanding among the partners about significance to address human rights issues and our approach. Our employees in procurement sections of each business unit, who are contact point of the procurement partner in daily work, had also a training session about conflict minerals in their basic education program in order for them to understand the human rights issues which are gaining attention internationally.

- > [Providing All Group Employees with Compliance Education \(P52\)](#)
- > [Promoting CSR-oriented Procurement \(P103\)](#)

Compliance to the UK Modern Slavery Act

The Modern Slavery Act came into effect in the United Kingdom in October 2015. Nikon Group recognizes the serious situation in the background of the law as well as urgent necessity of its compliance. While reinforcing our initiatives to prevent abuse of human rights through our CSR activities, we disclose a statement in conformity to the law.

- > [Nikon Corporation Slavery and Human Trafficking Statement for the fiscal year ended March 2016 \(P113\)](#)

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

Nikon Corporation Slavery and Human Trafficking Statement for the fiscal year ended March 2016

This statement is made pursuant to the United Kingdom Modern Slavery Act of 2015. Nikon Corporation endeavours to ensure that there are no human rights violations related to our own operations, our supply chain and our products. We hereby provide disclosure concerning our activities to prevent and tackle slavery and human trafficking.

a. Overview of the company, business and supply chain

Details of our company and business information can be found on the following website:

URL : <http://www.nikon.com/about/corporate/index.htm>

Most of our products sold in the U.K. market are through our group companies. However, some of our products are sold directly from Nikon Corporation to the U.K. market.

Product parts and a small portion of the final products are supplied from external procurement partners in and outside of Japan. There are approximately 1,700 procurement partners as of March 2016. More than ninety percent of the procurement partners are based in Japan, China and Thailand (calculated by the number of companies and in which country their headquarters are located).

b. Policies related to modern slavery and human trafficking

We have established "Nikon Corporate Social Responsibility (CSR) Charter" which addresses our group's basic stance on our social responsibility, including 'Respect for human beings' and 'Socially responsible behaviour within the supply chain'. We demonstrate our commitment to respect human rights in our business as well as in our supply chain. To enable every single employee to apply this Charter in daily activities, we outline the standards of how we act ethically, with integrity and in compliance with relevant laws and regulations in the Nikon Code of Conduct. In the Code, we state that we do not tolerate forced or child labour and we request our procurement partners to comply with our standards.

The Nikon CSR Charter can be found on the Nikon Sustainability Report 2016 (p.16):

http://www.nikon.com/about/sustainability/report/2016/sr2016_all.pdf#page=17

The Nikon Code of Conduct can be found on the Nikon Sustainability Report 2016 (p.47):

http://www.nikon.com/about/sustainability/report/2016/sr2016_all.pdf#page=48

As for our supply chain, we published in August 2015 "Nikon CSR Procurement Standards", which is the guideline to promote Nikon's stance on CSR throughout our supply chain and we request our procurement partners to comply with it. The Standards are based on the EICC (Electronics Industry Citizenship Coalition) Code of Conduct, which is the global standard for the electronics industry and articulates the prohibition of "forced, bonded (including debt bondage) or indentured labour, involuntary prison labour, modern slavery or trafficking of persons".

The Nikon CSR Procurement Standards can be found on the following website:

URL : <http://www.nikon.com/about/corporate/procurement/csr/index.htm>

In response to the issues of conflict minerals in the Democratic Republic of Congo and its neighboring countries, we set a policy of not using conflict minerals mined or intermediated by armed forces violating human rights in the area, and have been conducting surveys in our supply chain specifically on this issue.

Nikon's Policy on Conflict Minerals can be found on the Nikon Sustainability Report 2016 (p.106):

http://www.nikon.com/about/sustainability/report/2016/sr2016_all.pdf#page=107

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

We also support the 10 principles of the United Nations Global Compact which can be found on the Nikon Sustainability Report 2016 (p.29):

http://www.nikon.com/about/sustainability/report/2016/sr2016_all.pdf#page=30

Nikon group's CSR promotion organigram (as well as the CSR promotion organigram regarding procurement partners) can be found on the Nikon Sustainability Report 2016 (p.62):

http://www.nikon.com/about/sustainability/report/2016/sr2016_all.pdf#page=63

c. Due diligence

Potential risk of modern slavery and human trafficking occurring is considered higher in our supply chain than in our group companies. In Nikon group companies, we conduct human rights & labour monitoring annually to ensure child and forced labour practices are not occurring. We will evaluate and address risks of modern slavery and human trafficking in our supply chain by enforcing the Nikon CSR Procurement Standards with our procurement partners and by conducting periodic monitoring.

In light of conflict mineral issues, we endeavour to prevent human rights violations such as modern slavery and human trafficking from occurring by ensuring that conflict minerals are not used in our products following our Policy on Conflict Minerals and by conducting investigations of our product components.

More details can be found on the Nikon Sustainability Report 2016 (p.105):

http://www.nikon.com/about/sustainability/report/2016/sr2016_all.pdf#page=106

Establishment of Hotlines

For Nikon employees, we have hotline(s) per company (or per region) for them to be able to report and/consult. As for our supply chain, Nikon CSR Procurement Standards state "Our Procurement Partners should have a communicated process for their personnel to be able to raise any concerns without fear of retaliation." We will urge our procurement partners to set up such a mechanism through our monitoring activities to check the compliance status of the Standards.

We established a Conflict Minerals Hotline in October 2015 in order to get reports from our stakeholders, if there are acts contrary to the Nikon Policy on Conflict Minerals, or if it is a concern. We investigate properly the information obtained through the Hotline and take corrective actions as necessary.

More information about the Conflict Mineral Hotline can be found on the following website:

URL: <https://www.uw.nikon.com/form/com/cmh/form.php>

d. Risk assessment and risk management

In the fiscal year ended March 2016, we defined our business partner risk assessment criteria such as location, business type, transaction volume, length of business partnership and type of contract. Based on the assessment results, we conducted a self-assessment survey among 207 major 1st-tier business partners to check the Nikon CSR Procurement Standards compliance status. We received a response from all the surveyed companies. The answers to each question were weighed according to potential risks and we created risk profiles after compiling all the response data.

e. Measurement by appropriate indicators and effectiveness

From the above mentioned risk assessment results, we identified three potentially high risk companies and conducted on-site audits in these companies using third party auditors after advance notification. These companies are all located in Asian countries. The results of the audits conducted

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

in February and March 2016 identified some concerns in the area of labour and ethics in these companies and we requested rectification. Ten other companies where we did not conduct audits but which had been identified as relatively high risk were instructed to make improvements in the areas where the Nikon CSR Procurement Standards were not satisfied. We demanded that all 13 companies submit action plans and implement them after our approval. We are monitoring the implementation and they are progressing according to the plans. Overall in the fiscal year ended March 2016, we did not find any modern slavery and/or human trafficking issues.

The status and progress of the surveys, audits and improvement action plans are all reported to the Nikon Corporation CSR Committee which includes Board members via the Supply Chain Sub-Committee. The Supply Chain Sub-Committee is chaired by Corporate Vice President in charge of supply chain management, and its members include quality assurance and procurement department heads from each business unit.

More details about our activities based on the Nikon CSR Procurement Standards can be found on the Nikon Sustainability Report 2016 (p.103):

http://www.nikon.com/about/sustainability/report/2016/sr2016_all.pdf#page=104

We shall continue to disclose the details of our activity in relation to the Nikon CSR Procurement Standards such as the number of companies conducting self-assessment and audits as progress indicators.

f. Training and Capacity building

We explained modern slavery and human trafficking to the Supply Chain Sub-Committee when Nikon CSR Procurement Standards were deliberated and approved.

In the fiscal year ending March 2016, we held internal briefing sessions for 160 personnel who are responsible for product-related procurement in each business unit in Japan, China and Thailand. They were trained on the contents of the Nikon CSR Procurement Standards and requested to comply with them. We also provided two basic training sessions on procurement to 60 other personnel who have purchasing activities in other functions, explaining Nikon's stance on CSR and the CSR Procurement Standards. In the next fiscal year, we will review the training contents to enhance understanding of slavery and human trafficking risk.

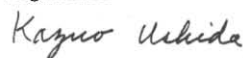
As for our procurement partners, we held explanatory sessions on CSR Procurement Standards and conflict minerals. Representing 897 1st-tier procurement partner companies, 1,223 people attended the training sessions in Japan, China and Thailand. In the next fiscal year, we will endeavour to improve the contents of the training aiming to deepen their understanding of modern slavery and the human trafficking risk.

More details concerning training can be found on the Nikon Sustainability Report 2016 (p.103):

http://www.nikon.com/about/sustainability/report/2016/sr2016_all.pdf#page=104

This Statement was reviewed and approved by the Nikon Corporation Board of Directors on 14 July 2016.

August 2016



kazuo Ushida

President and Representative Director

Nikon Corporation

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

Nikon Group HR Vision

We have established Nikon Group HR Vision based on the foundation that Nikon seeks employees that follow our company philosophy of "Trustworthiness and Creativity". This new vision also indicates Nikon goals for global talent management. We will spread this vision throughout all Nikon Group companies.

Nikon Group HR Vision

Established March 25, 2013

To achieve future growth of Nikon, the Nikon Person Core Competencies are defined. All Nikon employees need to act with these core competencies in mind.

Human Resource Management activities include recruitment, development, and deployment of the right people, in the right place, at the right time performed in order to promote diversity.

Nikon Person Core Competencies

- Seek new knowledge

It is necessary to keep honing your job skills and knowledge, and have unconventional creative power that generates new ideas without adhering to stereotypes. You need inquisitive spirit to stay ahead and demonstrate results that exceed other's expectations as well as an enduring passion to achieve goals.

- Display integrity

Never forget to make diligent and sincere efforts. Self-discipline and respect for others will establish your credibility. Seek to communicate fairly with others with a cheerful attitude.

- Be pro-active

When taking actions, it is necessary to broaden your perspective, accept changes, be flexible, devise strategies, make bold decisions, and act with agility. Take ownership and lead your teams while also promoting independent activities and efforts.

- Communicate well

In a business environment where speed is emphasized, the ability to involve everyone concerned, share common issues, and solve problems quickly are required. To foster global teamwork and networking, the ability to communicate with empathy is needed.

- Embrace diversity

It is important to respect and understand different races, religions, gender, ages, and national origins. Demonstrate your courage and creativity to experience new values.

Nikon Corporation Human Resources Department

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

Human Resources Management System/ Human Resources Development/Labor Relations

The Nikon Group recognizes human resource management as a key measure to accomplish its corporate management policy. We strive to provide a working environment that allows the growth of each and every employee.

FUTURE IN FOCUS Human Resource Initiative for Global Human Resources Management

The Nikon Group established FUTURE IN FOCUS in 2015 as a new Group human resource measure to support the realization of this transformation.

This initiative allows Nikon to "focus on development and utilization of talents from a global perspective and across regions and business units," "motivate the Group employees to arouse their challenge spirits," and "bring alignment between corporate strategies and employees' actions." It also aims to create an environment where diverse employees can actively contribute in a wide range of fields within the Group, regardless of their nationality, race, or gender.

■ FUTURE IN FOCUS Consists of Three Pillars

FUTURE IN FOCUS consists of the following three pillars: "Competency," which is the quality sought by the Nikon Group in target personnel, "Global Performance and Development," which is an evaluation system that focuses on development, and "Succession Planning," which is a selection and development of future manager candidates.

Competencies is defined by "Core Competencies," which is a guideline for all employees' actions, and "Global Leadership Competencies," which is a framework of actions for all of those who hold positions of managers or above. The development of these competencies was the result of a collaborative effort put forth by the Global Human Resources Management Team consisting of Human Resource representatives from some of the Nikon's group companies as well as Nikon Corporation's Board of Directors and employees who participated in various discussion and interviews.

Three Pillars of FUTURE IN FOCUS



■ Introduction of Competencies' Evaluation

The Nikon Group is planning to progress the utilization of human resources across the Group by reflecting systems of human resource development and evaluation in the human resource policies at each Group company that follows the FUTURE IN FOCUS concept. The initiative was implemented to the Nikon Corporation, Nikon Imaging Japan, Nikon Tec Corporation, Nikon Precision Inc. (America), and Nikon Australia Pty Ltd in 2015, and it will be expanded sequentially to other Group companies.

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities



IT system training to operate Performance and Development at NAU

■ FUTURE IN FOCUS Photo Contest

The Nikon Group held a photo contest for employees in the year ended March 31, 2016 for the purpose of promoting understanding about competencies. Pictures capturing the moment and circumstances that illustrate the competency in action were submitted by Nikon Group employee applicants and five grand prize winners and twenty prize winners were selected.



Second round of global judging

[> Feature Articles 2016 | FUTURE IN FOCUS Photo Contest \(P7\)](#)

■ Initiatives to Develop Global Leaders for the Next Generation

The Nikon Group aims to develop global leaders who drive business around the world.

In the year ended March 31, 2016, we held a global leaders development program for the next generation in Tokyo, in continuation of the previous fiscal year's program. In the 4-days program, 22 employees from 8 countries across the Nikon as well as overseas Group companies participated in this training that was held in Tokyo. They also discussed strategies to achieve the corporate vision, and those strategies were presented to the Board members on the final day of the program.



Global leaders development program for the next-generation

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

Personnel System

Each company of the Nikon Group has established its own personnel system to provide labor environment that enables each employee to maximize their capability.

Nikon Corporation classifies its employees by four levels (Junior Staff, Mid-Level Staff, Senior Staff, and Professional/Management) according to their abilities and clearly states their respective responsibilities. We also have a dual-track system, namely, a professional track and a management track, where employees are given the opportunity to consider in what forms they want to contribute to the company.

In addition, we are furthering the establishment of work frameworks that provide motivation to achieve targets through various systems that include the evaluation system for assessments from the perspectives of both performance (what targets have been achieved) and competency (what actions were taken to achieve targets) while setting targets through interviews between each employee and their supervisor every six months.

■ Main Career Development System (Nikon)

Self Reporting System

Employees may consult with their supervisors as necessary while considering their future aspirations once each year to connect to their future career.

Career Counseling

We have established offices to enable employees to consult about improving their skills and advancing their careers if employees desire to do so. We are supporting employees to shape their careers by advice through counseling.

Internal Human Resource Open Recruitment System

The open recruitment system is a system for employees to apply for open recruitment when a new employee is needed in each department such as when launching new projects or expanding our businesses.

Career Matching Support System (FA System)

This support system is a system to match the desires and competency of employees with the needs for human resources at each department.

Human Resource Development

Nikon Corporation has built a training system linked with its personnel systems. It offers a range of educational courses and systems for employees to receive new skills training according to their current level and job description. The available sessions are divided into three types: mandatory training, business skills training (including foreign language training), and engineer training. In the year ended March 31, 2016, Nikon Corporation held a total of 374 mandatory training and business skills training courses, which were attended by a total of 3,060 employees. In addition, 145 engineer training courses were held for a total of 3,654 employees.

An average Nikon Corporation employee spent 1.61 days in training during the year. Employees of Nikon Group companies in Japan also participated in training sessions of Nikon Corporation, and the Group companies provide their employees with their own human resource development and training programs.

■ Main Training for Skill Development (Nikon)

Mandatory training

- Training for promotions
- Training by year
- Training for evaluators, etc.

Business skills training

- Language training
- Presentation training
- Self-education programs, etc.

Engineer training/new employee training (optical, mechanical, electrical, informational, chemical)

- Engineering capability/adaptability development training
- Engineering comprehensive/communication development training, etc.

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

Labor-management Relations

Nikon supports the principles of the UN Global Compact and respects basic labor rights.

Nikon Corporation has two labor unions, each comprising Nikon Corporation's regular employees: the Nikon Labor Union (a member of the Japanese Association of Metal, Machinery, and Manufacturing Workers (JAM), which is mostly made up of employees of small and medium-sized companies in the metal industry), and Nikon Chapter of the All-Japan Metal and Information Machinery Workers Union (JMIU). As of March 31, 2016, total number of labor union members was 4,687, consisting from 4,684 Nikon Labor Union members and 3 JMIU Chapter members. The company and the unions discuss various issues related to the labor environment, hold joint study meetings, and exchange opinions as necessary. We implemented study meetings around the theme of work-style innovation in conjunction with the Nikon Labor Union in the year ended March 31, 2016.

At Group companies in Japan, Nikon Labor Union chapters and employee-elected representatives serve the same function. At Group companies outside Japan, issues are discussed either by the company's in-house union or through the consultation with an outside labor union to which employees belong. At companies where there is no labor union, issues are discussed in a briefing for all employees, in a dialog with employee groups, or in face-to-face interviews with individual employees. As a result, currently, labor-management relations are generally good.

When a substantial change is made to an employee's job, Nikon Group discusses the matter with his/her union or employee representative, obtains their prior approval, and then takes the required time to communicate the change to the employee.

Vigorous Activities Demonstrated by Diverse Employees

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

Respect for Diversity

Our basic policy toward diversity* is to provide an environment in which employees can maximize their capabilities and create output in a team through fair employment. This is based upon respect for diversity and human rights of employees according to the HR vision at the Nikon Group in this type of environment. Concretely, the Nikon Group treats all employees on an equal basis, regardless of race, beliefs, gender, educational background, nationality, religion, or age, respects their individuality and human rights, and provides them with workplaces where they can work with a high level of motivation. In addition, we indicate an approach to focus on the diversity of the entire group by positioning the power to accept diversity as one of the core competencies of the Nikon Group, which is the quality in human resources sought in our HR vision.

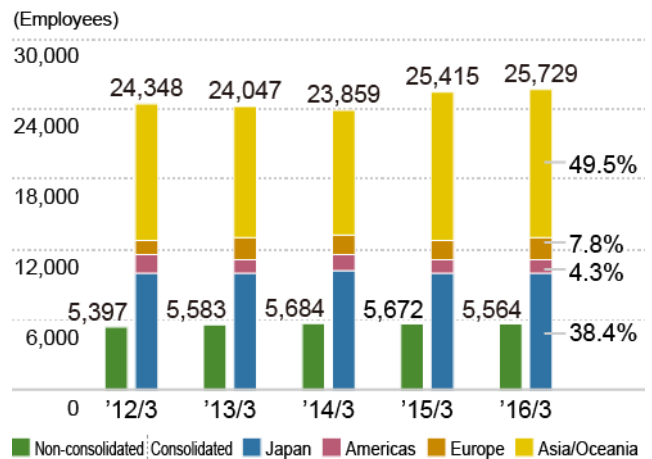
Currently, the Nikon human resources department is leading the initiatives based on prioritizing efforts such as promoting women's empowerment and supporting persons with disabilities in Japan. These activities are reported regularly to the CSR Committee.

Our training programs for newly promoted managers (107 employees participated in the year ended March 31, 2016) include a session to review what kind of benefit will be generated from diversity promotion. Furthermore, we are introducing initiatives to deepen the understanding of diversity such as covering the necessity to undergo work style innovation in order to take the diversity of employees, including women, to the next level as well as next generation education support policies in information periodically communicated in regards to human resource policies and management of working hours for managers.

* Diversity

The state of being varied, or to accept diversity. The idea that a variety of attributes (gender, age, nationality, disability, etc.), values, and ideas of each employee are valuable to the company. These attributes help the company to respond rapidly and flexibly, which contributes toward the growth and competitiveness of the company.

Shift in the Number of Employees by Region



* Consolidated figures include permanent and non-regular staff of the Nikon Group and director of Group companies. For regional percentages, employees of Nikon Corporation who are temporarily dispatched to Group companies are included in the region to which they are assigned, while employees dispatched to non-consolidated companies are not included. Employees of Nikon Metrology NV and its subsidiary group companies are included in the European figures.

Numbers for New Employment

(Unit: Persons)

		Year ended March 2016	Total
Nikon Corporation	Men	99	127
	Women	28	
Group companies in Japan	Men	94	112
	Women	18	
Group companies outside Japan	Men	291	466
	Women	175	

* Permanent employees and non-regular staff in the Nikon Group (consolidated).
 * Overseas Group companies exclude Nikon (Thailand) Co., Ltd., Nikon Lao Co., Ltd., Nikon Imaging (China) Co., Ltd. and Hikari Glass (Changzhou) Optics Co., Ltd.

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

Employee Structure

(Unit: Persons)

		'12/3	'13/3	'14/3	'15/3	'16/3
By region	Total	24,348	24,047	23,859	25,415	25,729
	Japan	9,919	10,062	10,168	10,035	9,870
	Europe	1,183	1,687	1,695	1,626	2,011
	Americas	1,582	1,320	1,273	1,198	1,103
	Asia/Oceania	11,664	10,978	10,723	12,556	12,745

* Consolidated figures include permanent and non-regular staff of the Nikon Group and director of Group companies. For regional percentages, employees of Nikon Corporation who are temporarily dispatched to Group companies are included in the region to which they are assigned, while employees dispatched to non-consolidated companies are not included. Employees of Nikon Metrology NV and its subsidiary group companies are included in the European figures.

Average Ages

(Unit: year old)

		'12/3	'13/3	'14/3	'15/3	'16/3
Men	Nikon Corporation	44.0	44.4	44.7	44.3	45.5
	Group companies in Japan	41.1	41.8	42.4	42.9	43.4
	Group companies outside Japan	36.0	36.3	37.2	37.4	38.8
Women	Nikon Corporation	38.6	39.0	39.3	39.0	40.2
	Group companies in Japan	41.7	42.5	43.2	44.0	44.2
	Group companies outside Japan	29.6	31.8	32.6	32.0	32.6

* Permanent employees and non-regular staff in the Nikon Group (consolidated).

* Includes Nikon Corporation employees who are temporarily dispatched to affiliated companies.

Average Years of Service

(Unit: years)

		'12/3	'13/3	'14/3	'15/3	'16/3
Men	Nikon Corporation	19.9	19.9	20.1	19.2	20.5
	Group companies in Japan	14.5	15.2	15.5	15.9	16.4
	Group companies outside Japan	7.2	7.8	8.4	8.9	9.1
Women	Nikon Corporation	14.8	14.7	14.8	14.2	15.6
	Group companies in Japan	15.5	16.5	16.9	17.3	18.1
	Group companies outside Japan	5.2	6.1	7.1	6.9	7.7

* Permanent employees and non-regular staff in the Nikon Group (consolidated).

* Includes Nikon Corporation employees who are temporarily dispatched to affiliated companies.

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

Turnover

(Unit: Persons)

		'12/3		'13/3		'14/3		'15/3		'16/3	
		Retirees	Others	Retirees	Others	Retirees	Others	Retirees	Others	Retirees	Others
Nikon Corporation	Men	149	70	189	40	143	102	181	142	198	205
	Women	4	10	7	11	3	9	6	18	6	20
Group companies in Japan	Men	49	66	50	55	38	61	47	93	66	107
	Women	7	31	7	18	8	20	10	25	8	34
Overseas Group companies	Men	16	191	25	182	11	221	26	304	14	320
	Women	6	93	8	93	13	131	14	192	13	220

* Permanent employees and non-regular staff in the Nikon Group (consolidated). Overseas Group companies exclude Nikon (Thailand) Co., Ltd., Nikon Lao Co., Ltd., Nikon Imaging (China) Co., Ltd. and Hikari Glass (Changzhou) Optics Co., Ltd.

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

Women in the Workplace

The Nikon Group actively strives to promote female employees in Japan in recent years while conducting the same hiring and treatment of employees regardless of gender. We reaffirmed the challenge related to the low number of female employees and female managers when we analyzed the state of female employees at Nikon as a response to laws to promote women's participation enacted in April of 2016.

■ Increasing the Number of Female Employees

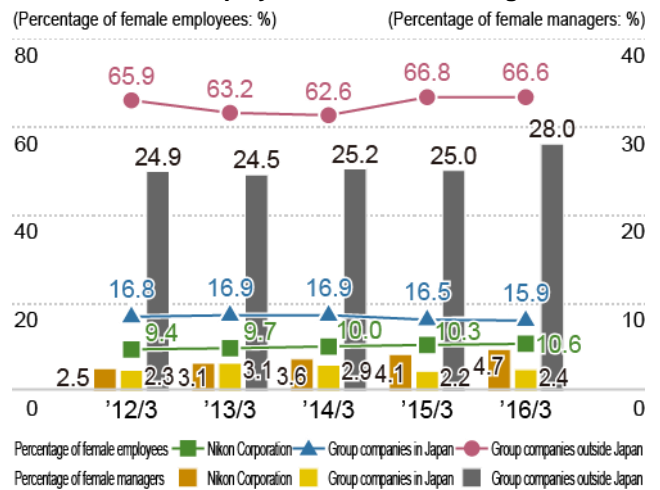
The ratio of female employees at the end of March 2016 in Nikon was 10.6%. We set a target to reach a female employment ratio of 25% or more regular employment between the year ending March 31, 2017 to the year ending March 31, 2021 to further improve the ratio of women working at Nikon. We participated in several joint job fairs for women and also held events such as informal gatherings with our female engineers even in employment activities up until now and we are actively expanding employment activities such as enhancing employment events for female students studying the sciences even more in the future.

■ Increase the Ratio of Female Managers

We set a 5% ratio for female manager at Nikon to achieve by March of 2017 and are actively supporting both career development and the work-life balance of female managers. The ratio as of March 2016 is 4.7% (as of March 2014 when we set the target: 3.6%) and 65 female managers in total. Of this figure, the proportion of female managers who are general manager and above is 2.1% (1.0% in Group companies in Japan) while 4.2% are section managers (3.0% in Group companies in Japan).

In addition, we set new targets to have 110 female managers by the end of March 2020 in the year ended March 31, 2016 after reaching 55 female managers as of the end of March 2015. We are focusing on ongoing career development support and the establishment of a workplace that is easy to work such as expanding the mentoring system for the future.

Ratio of Female Employees and Female Managers



- * Permanent employees and non-regular staff in the Nikon Group (consolidated). Those dispatched to affiliates are counted as employees of the affiliates.
- * The figures for the year ended March 31, 2013 include the figures for the two equity method affiliates.
- * Managers means section managers and higher.
- * Group companies outside Japan include Nikon (Thailand) Co., Ltd., Nikon Lao Co., Ltd., Nikon Imaging (China) Co., Ltd. and Hikari Glass (Changzhou) Optics Co., Ltd.
- * Overseas Group companies include Nikon (Thailand) Co., Ltd., Nikon Lao Co., Ltd., Nikon Imaging (China) Co., Ltd. and Hikari Glass (Changzhou) Optics Co., Ltd.

■ Career Development Support

Nikon Corporation has introduced a mentor system to promote career development of females as of the year ended March 31, 2012. In the year ended March 31, 2016, we implemented this mentor system for six months targeting 28 people (14 mentor-mentee pairs), with directors and managers serving as mentors. We held interim report briefings by bringing together mentors as well as mentees separately after three months. The final report briefing joined the mentors and mentees together at the end of the six-month mentoring. This prompted the mentees to view themselves objectively. We are advancing the career development of women through the ongoing operation of this system.

In addition, we have been holding self-fulfillment seminars to help female employees develop their skills and build networks since the year ended March 31, 2009. The number of participants has risen to a total of 509 (as of March 2016) since we started the program.

Furthermore, four female employees participated in the leader candidate training program held from the year ended March 31, 2015 to the year ended March 31, 2015.

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

The training is 8 months long and includes the opportunity of cross-industry exchange. It provides knowledge and fosters the mind required for a leader of the next generation. We plan to expand this training to the second term in the year ending March 31, 2017.



Interim report briefing of mentoring system

Utilizing a Diverse Workforce

Nikon Corporation aims to achieve true globalization and diversity in terms of its human resources as a means to further increase its corporate value. Therefore, we actively pursue diversity in our recruitment activities in order to continue to provide all employees with a workplace where individuals with different values can draw inspiration from each other and generate synergies.

■ Employment of Global Human Resources

In the year ended March 31, 2012, Nikon Corporation took part for the first time in an employment forum for foreign exchange students held in Boston (United States) to recruit Japanese and foreign national students who are studying abroad and want to join Japanese companies after graduation. Nikon Corporation also employs new graduates in the fall (October), in addition to April, in consideration of the fact that some people study under educational systems that are different to that of Japan. We are also actively working to also hire foreign exchange students in Japan.

Furthermore, the Nikon Group employs local human resources in the countries and regions where our offices are located. We work on human resources development and promotion to management positions.

■ Reemployment System for Retirees

Nikon Group in Japan is providing opportunities to keep working for employees who have reached their retirement age of 60. In the year ended March 2016, about 90% of retirees at Nikon Corporation were reemployed and are actively working for Nikon Group.

A Life Plan Seminar is also held for employees who will reach retirement age in the following year. In the year ended March 2016, about 197 employees attended this seminar.

■ Supporting People with Disabilities

Nikon Group aspires to establish an environment that enables each and every employee to make the most of their personal quality and ability regardless of any disability.

As an initiative to achieve this, we established Nikon Tsubasa Inc., a special subsidiary of Nikon Corporation in 2000. Supported by experienced staff and instructors, a total of 55 employees worked for the company as of March 31, 2016, under the principle of being independent members of society. In addition to parts processing, assembly, and packaging, they are also mainly engaged in document digitalization, disassembly of camera parts which is aimed at recycling the parts, process to erasing magnetic media, and inspection of finished glass products, fulfilling work orders from Nikon Group companies. The Nikon Group is striving to give Nikon Tsubasa more work orders.

In terms of the statutorily required percentage of disabled employees, Nikon Corporation, Nikon Tsubasa Inc., Nikon Systems Inc., and Nikon Business Service Co., Ltd. have obtained government approval to calculate the rate as a group, and have achieved the required standard. As for other Group companies in Japan, six of those subject to the Levy and Grant System for Employing Persons with Disabilities in 2015 fell below this standard. These Group companies will strive to meet the standard by employing more people with disabilities with the help of public and private employment agencies.

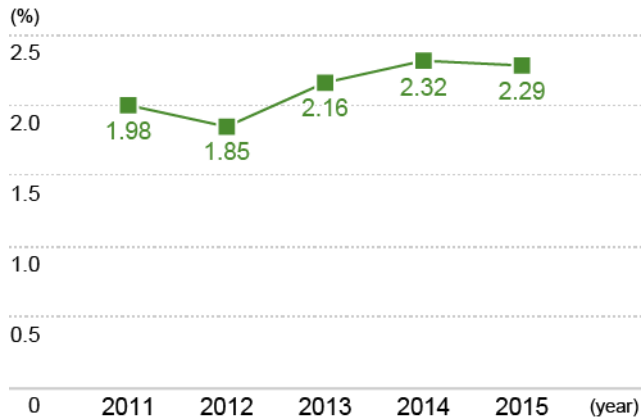
To gain greater public understanding about the work done by people with disabilities, Nikon Tsubasa accepts tours of its workplaces. Many employees from the Nikon Group participated in these tours in addition to a total of 396 employees from companies, schools, and support institutions in the year ended March 31, 2016. Furthermore, Nikon Tsubasa is supporting the social inclusion and work of people with disabilities by accepting 13 trainees from welfare facilities and schools for the disabled.

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities



Nikon Tsubasa Inc.

Shift in Employment of People with Disabilities for Group Certifications



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

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

Supporting Diverse Work Styles

Nikon Group work-life balance policy is to create an environment for employees to make the most of their abilities and produce results as a team by developing systems and measures which allows them to work peacefully and striving to manage working hours appropriately.

Support for Work-Life Balance

Nikon supports care for both children and other family members and the work of employees by installing a system to allow employees to take up to two years of childcare leave together with staggered working hours and reduced working hours as well as leave on an hourly basis. 0 male employees and 9 female employees used the staggered working hour system and 11 male employees and 81 female employees used the reduced working hour system in the year ended March 31, 2016.

We also expanded initiatives to enhance measures to promote work-life balance in the year ended March 31, 2016 and extended maternity leave for spouses from two days to five days in January of 2016.

We have obtained the Next-Generation Childcare Support Certification Mark (Kurumin' mark for childcare support*) for three consecutive years as of April 2015 as a result of these initiatives up until now. We have formulated a new action plan based on the revision of the Act on Advancement of Measures to Support Raising Next-Generation Children and submitted this plan to the Tokyo Labor Bureau in May. We are furthering the installation of workplace that is easy to work from the perspective of the work-life balance in addition to above initiatives that were implemented in the year ended March 31, 2016 within the action plan.



* Kurumin
It is the pet name of the Act on Advancement of Measures to Support Raising Next-Generation Children's certification mark. The Ministry of Health, Labor and Welfare certifies

Column

Introduction of Company Tour Event

We introduced an event to tour the company for the children of our employees at our head office in August 2015. This event was planned so the children of our employees could interact not only as children who are participating but as a community for the purpose of improving the work-life balance and realizing a workplace with an airy atmosphere by visiting where our employees work.

113 spouses and children participated to experience a workplace tour and workshops throughout this two-day event.

<<Feedback from Participants>>

- I think the kids have a much better idea about their parents' job by visiting the real place they work. I always feel bad about the burden on my children both emotionally and in terms of the less time I have compared to a stay-at-home parent, but I am thankful that my children are able to see what I do close-up through this workplace tour.
- The kids were excited even before the event and were even more excited the day of the event. I really hope they will continue to hold this event for other children in the future.



Company tour

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

Number of Employees Taking Childcare Leave (Unit: Persons)

		'12/3	'13/3	'14/3	'15/3	'16/3
Nikon Corporation	Men	4	7	3	9	6
	Women	15	16	22	21	27
Group companies in Japan	Men	1	1	1	1	1
	Women	28	35	32	12	16

* Permanent employees and non-regular staff

* Employees of equity methods affiliates are excluded.

* Childcare leave acquirers' return rate (for the year ended March 31, 2016): Nikon Corporation / 100%, Group companies in Japan / 100%

Number of Employees Taking Maternity Leave (Unit: Persons)

		'12/3	'13/3	'14/3	'15/3	'16/3
Nikon Corporation		17	16	23	13	32
Group companies in Japan		13	31	22	15	13

* Permanent employees and non-regular staff

* Employees of equity methods affiliates are excluded.

Number of Employees Taking Nursing Care Leave (Unit: Persons)

		'12/3	'13/3	'14/3	'15/3	'16/3
Nikon Corporation	Men	1	1	2	2	0
	Women	2	0	0	1	1
Group companies in Japan	Men	1	0	0	0	2
	Women	3	1	2	1	0

* Permanent employees and non-regular staff

* Employees of equity methods affiliates are excluded.

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

Reduction of Overtime

The Nikon Group strives to reduce overtime as one way to promote work-life balance.

Therefore, we started from introducing measures from planned acquisition of annual paid leave to the introduction of flextime and the implementation of a no overtime day. We worked to make additional measures for the next term more specific by performing studies for additional measures to promote even greater work-life balance in the year ended March 31, 2016.

Moreover, Nikon Corporation has fostered measures to prevent health damage caused by excessive overtime work. In addition to taking prevention measures, the company established the Cooling System which is intended to prevent certain individuals from taking on an excessive overtime load. The system includes the implementation of physical checkups for those who are stressed through being overworked. We drove the Work Time Campaign, promoting the taking of annual paid leave. We worked to encouraged those employees and supervisors who had a low rate of taking time off to take some personal leave throughout the fiscal year.

Re-entry System

Nikon Corporation 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, spouse's job transfer or other unavoidable reasons. One employee has rejoined the company by using this system in the year ended March 31, 2016.

Telecommuting

Nikon established a telecommuting system for some departments and the system is being used in six of those departments as of the end of March 2016. We expanded the telecommuting system in April 2016 for the purpose of improving productivity and promoting a work-life balance through the execution of focused and efficient operations. This expansion allows employees to use the telecommuting system if they satisfy a set criteria for application regardless of their department.

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

Employees' Health and Safety

We recognize a labor environment that enables employees to work safely and vigorously, both physically and mentally, leads to the improvement of workplace vitality and productivity. Based on this idea, we are working on strict safety management and health-promotion activities.

Health and Safety Management System

Nikon maintains the Nikon Group Health and Safety Goal to secure the health and safety of each employee—who are the foundation of all its corporate activities—after labor and management conferences, to remain a vibrant corporation where people can be committed to work with enthusiasm and vitality. We are also sharing information with Group companies in Japan.

In addition, we have established the Central Health and Safety Committee, which is a committee made up of directors, senior operating officers, and the head of the human resource and general affairs departments in addition to having a statutory health and safety committee. This committee is held once a year to investigate and deliberate on matters related to health and safety policies and on the basic measures taken to maintain and promote employee health in each Group company in Japan. The members of the committee are composed of nine company representatives and twelve employee representatives to encourage the incorporation of employees' opinions into measures implemented by the company. Sendai Nikon Corporation (Japan), Nikon (Thailand) Co., Ltd., and Nikon Imaging (China) Co., Ltd. have acquired the OHSAS 18001 certification, the international standard for occupational health and safety management systems, in December 2001, September 2010, and January 2013, respectively.

Health and Safety of the Nikon Group for the Year Ended March 31, 2016

Targets:

Aim for a Healthy Company able to nurture both the individual and company through health management activities!

The Four Policies:

- Fulfill obligations of health and safety considerations
- Specific Expansion of Health Management Activities
- Enhance training programs
- Establish a system for group-wide cooperation

Raising Health and Safety Management Standards

We have established a safety management standard taking into account legal compliance, essential safety of equipment, and consistent company-wide risk levels to create a new risk assessment while conducting safety education focusing on management auditors to reduce potential risk factors in the workplace such as equipment, chemical, and human error. At Group companies in Japan, training is provided for Health and Safety Managers and Persons in charge of health and safety, in addition to policies and measures related to health and safety are steadily implemented through the Personnel and Administrative Affairs Meeting.

In Japan since the year ended March 31, 2014, we have been sharing a database of information about labor accidents posted on the intranet across Nikon Group to prevent the re-occurrence of similar incidents. This helped Nikon Corporation and Group companies in Japan (including non-consolidated companies) achieve frequency rates* and severity rates* of lost time accidents far below the average for the Japanese manufacturing industry.

Group companies outside Japan are also implementing health and safety measures, including workplace safety assessments and audits. The Nikon Group as a whole, nevertheless, has to work toward measures for its overall health and safety management standards in accordance with an increase in the number of Group companies outside Japan. We are examining response measures to more specifically identify challenges and be in-line with laws by aggregating accidents requiring time off in operations of a day or more by region at overseas Group Companies.

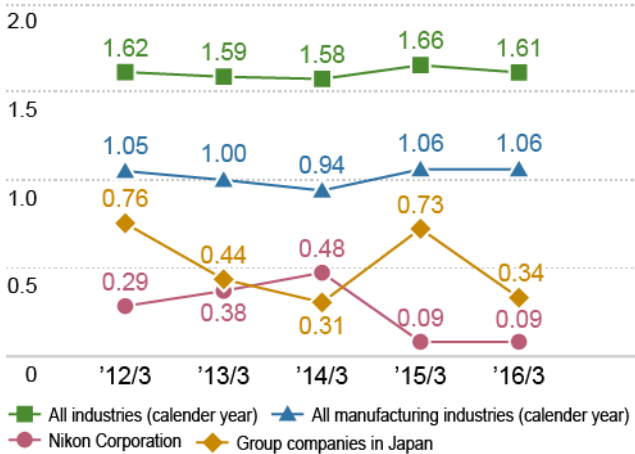
* Frequency rate

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

* Severity rate

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

Frequency Rates of Lost Time Accidents at Nikon Corporation and Group Companies in Japan



* 25 Group companies in Japan including non-consolidated companies until the year ended March 2015, and 26 for the year ended March 2016.

Severity Rates at Nikon Corporation and Group Companies in Japan

	'12/3	'13/3	'14/3	'15/3	'16/3
All industries in Japan (calendar year)	0.11	0.10	0.10	0.09	0.07
Manufacturing industry in Japan (calendar year)	0.08	0.10	0.10	0.09	0.06
Nikon Corporation	0.00	0.70	0.01	0.00	0.00
Group companies in Japan	0.01	0.01	0.00	0.01	0.01

* 0.00 indicates a rate of less than 0.005.

* 25 Group companies in Japan including non-consolidated companies until the year ended March 2015, and 26 for the year ended March 2016.

Transition of Accidents Requiring Time Off in Operations by Region (1 or more days)

Region	Accidents requiring time off (person)	Lost days* (day)
Greater China	12	171
Korea	1	2
Asia/Oceania	2	3
Europe	3	45
Americas	0	0
Japan	5	66
Total	23	287

* Lost days: Number of days multiplying 300/365 to number of days leave in past

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

For employees that are transferring from Japan to Group companies outside Japan, we are enhancing the training given prior to their departure and also improving the regular health checkup and follow-up system applicable to them while they are stationed outside Japan. We also give support to these employees in response to local medical risks through coordination with international medical assistance services and other measures.

Mental Health Care

Nikon also offers support to those returning to work after taking leave for mental health reasons, including implementing measures to prevent the aggravation of their illness after their return, based on cooperation between their workplaces, relevant health and safety sections, and human resource departments.

In the year ended March 31, 2016, we began to create in house processes as response to the stress check system that was introduced by Ministry of Health, Labour and Welfare in December 2015 and started preparations toward implementation for the fall of 2016.

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

System to Support the Return of Employees Who Took Leave due to Illness

Nikon Corporation strives to enhance a system to support the smooth return of employees who have taken leave due to illness. Under this system, if the employee applies for shorter hours and the company approves the application, he/she will be allowed to work shorter hours or on fewer days for up to three months after returning to work.

Under the same system, the industrial doctor, nurse, staff from the HR department, and employee's manager will cooperate to support the employee's return to work, including making a support plan and interviewing the employee on a regular basis.

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

Product Responsibility

The Nikon Group provides products and services based on the concepts of customer focus and priority on quality.

Quality Control for Products and Services

■ Policies for Quality Control

The Nikon Group has stipulated the following Basic Quality Policy.

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 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.

In order to implement the Basic Quality Policy, the Nikon Group has established the Quality Control Directive (QCD) as its basic rules on quality control. We are raising awareness throughout the entire company about indispensable basic items and specific operation methods to implement into quality management and are conducting quality management through the life cycle more thorough from the planning of products to the research and development, manufacturing, sales, aftercare services, and waste disposal based on these policies and guidelines.

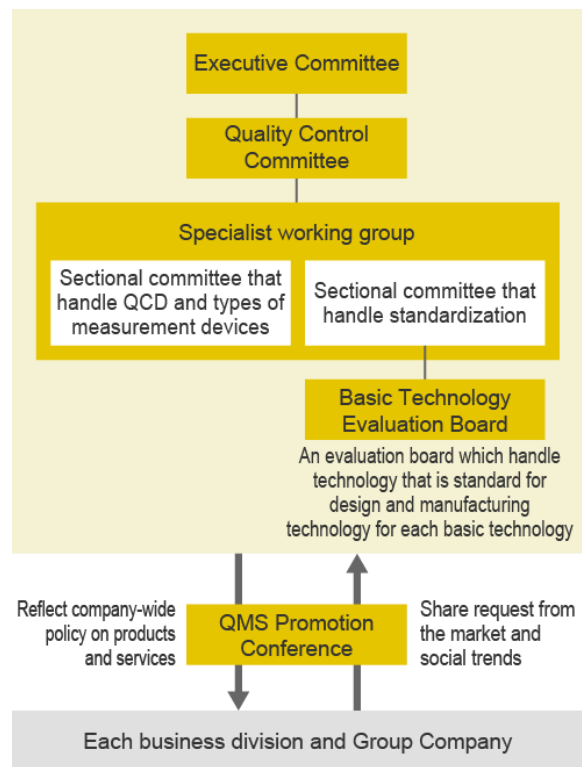
■ Quality Management System for Quality Control

The Nikon Group has installed the Quality Control Principle with the head of our corporate administration department as the chairperson as well as the head of each unit as its members for an organization that judges and determines important items that follow the basic policies and implementation of quality management common in all of its products. This Quality Control Principle is working to enhance the quality management system and conducting reviews of guidelines toward the efficient operation of this system.

Furthermore, we have established a sectional committee to judge items related to QCD and types of measurement devices

as well as a sectional committee to judge standardization items. Moreover, we are sharing what is determined by the Quality Control Principle through meetings such as the QMS Promotion Conference, which is held twice a year, as an informational exchange of each business division and each Group company to steadily reflect these things in our products and services.

Image Diagram of Quality Management System



■ ISO9001 certification and consistent compliance with the "Quality First" policy

The Nikon Group conducts business operations in line with its Quality Manual based on the QCD or ISO9001*, and the Nikon Corporation business divisions and major Group companies acquire ISO9001 certification as necessary. We also enter into quality assurance agreements with our business partners engaged in activities such as procurement and collaborative development based on their understanding of the Nikon Group's "Quality First" policy.

Moreover, our business partners participate in Quality Month lectures held at Nikon once a year, which we organize so that employees of both the Nikon Group and our partner companies can improve their quality-related skills. We held a lecture

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

entitled, "Organizational Efforts to Establish Ongoing Competitive Superiority," by Associate Professor Yuichiro Kato from the Center for Academia-Industry Cooperation, Nagoya Institute of Technology for 39 Nikon Group directors and employees and 44 business partners in the year ended March 31, 2016.

* ISO9001

This is an international quality management systems standard established by the ISO. The ISO9000 series designs the structure needed by an organization to maintain its quality management system, and the ISO 9001 can be obtained with a registered organization's certification.

■ Quality Education and Awareness Education

The Nikon Group periodically holds education from ISO auditor education training to quality engineering and QC lectures for the purpose of education and higher awareness about quality.

■ Quality control audits

The Nikon Group has implemented quality management audits (QCD audits) based on QCD to improve the quality of operations as well as the quality of products made in those processes by surveying, confirming, and evaluating the operational status of quality management throughout the entire Group.

These audits are conducted with the head of the Quality Control Principle (director in charge of quality) to direct corrections and improvements when something is not right and works to maintain and improve the quality management activities by quickly implementing these measures. Important findings are reported to the Executive Committee and are also used to improve internal controls. In the year ended March 31, 2016, quality control audits were performed at eight departments in Nikon Corporation and at four major Group companies.

Maintaining Safety of Products and Services

The Nikon Group gives due consideration to the safety of its products and services throughout their life cycle, starting from the initial planning stage.

As part of maintaining safety, we have given ourselves the duty to introduce safety evaluations of all of our products and services for QCD and rules within each business division. Furthermore, we identify predictable risks and conduct security plan in order to exclude them, in line with the Safety Design Practices that we have formulated based on relevant international standards, and then ensure their safety through design reviews and inspections carried out during the production process. We are obtaining safety certification from third-party certification bodies as necessary.

Additionally, our Product Technology Test Section is responsible for ensuring that only safe products reach our customers. Testing that has passed stringent certification criteria is implemented based on the international standards set by TÜV SÜD Product Service GmbH, Germany, a certification body that tests laboratories in Europe.

■ Safety Education of Products and Services

The Nikon Group is conducting general and specialized education because high knowledge and awareness is indispensable in regards to the safety management of employees to maintain the safety of its products and services. We conduct periodic various professional training courses for our employees, including training on Safety Design Practices, product liability laws and electrical appliance and material safety laws.

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

Procedure in Case of an Accident

At the Nikon Group, we strive to supply the market with no deficient products by planning, designing, manufacturing, guaranteeing quality, selling, distributing and providing services, after having given careful consideration to our products' safety, in order to avoid accidents.

However, in the event a safety concern occurs, we immediately confirm the facts in cooperation with the departments concerned, quickly set up appropriate measures in line with the procedure, and make every efforts to ensure the problem does not reoccur by keeping the public informed.

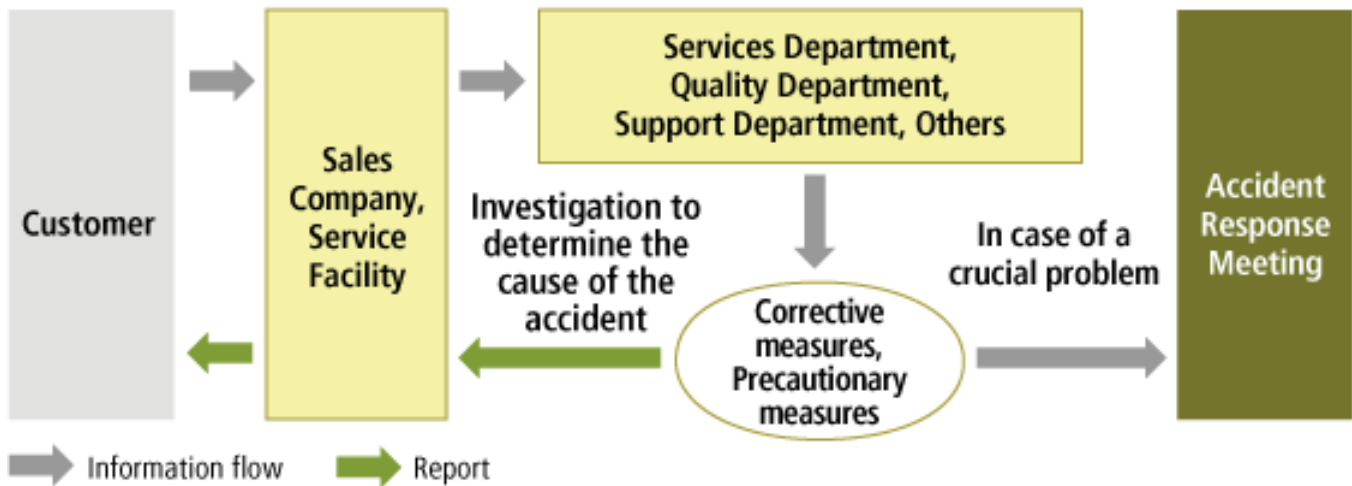
We had no violations of laws or our own internal regulations for safety in the year ended March 31, 2016.

Information About Safe Use

The Nikon Group provides the proper information to prevent accidents before they occur from the proper use to misuse and carelessness through mediums such as displays on the device and instruction manuals for customers to use our products and services safely. We also show marks suitable for each law, regulation, and certification based on the country and region to sell products such as indicators for radio wave laws in each country that apply to products with wireless LAN built-in as well as indicators in-line with safety regulations in each country about parts such as the batteries, chargers, and AC adapters for example.

We had no violations of laws or our own internal regulations for safety indicators in the year ended March 31, 2016.

Procedure Flowchart in Case of Accident in Imaging Business



Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

Column

Reminder of Accidents Caused by Counterfeit Batteries

Counterfeit goods such as Li-ion rechargeable batteries, battery chargers, and AC adapters for Nikon digital cameras are found in the market today. The counterfeit products are not equipped with safety mechanisms such as protective devices. Use of these counterfeit products will not only lead to insufficient operation of the camera but also to incidents such as abnormal heat and leakage of batteries, explosions, and fires. Furthermore, in worst case scenarios, there is also a risk that the camera may break or a fire may result.

The Nikon Group strives to build an environment products can be used safely by our customers through efforts such as introducing ways to identify counterfeit products from authentic products through our website and other media while issuing reminders to prevent accidents before they occur from 2007.



Comparison of authentic (left) and counterfeit (right)
EN-EL12

Customer Satisfaction Initiatives

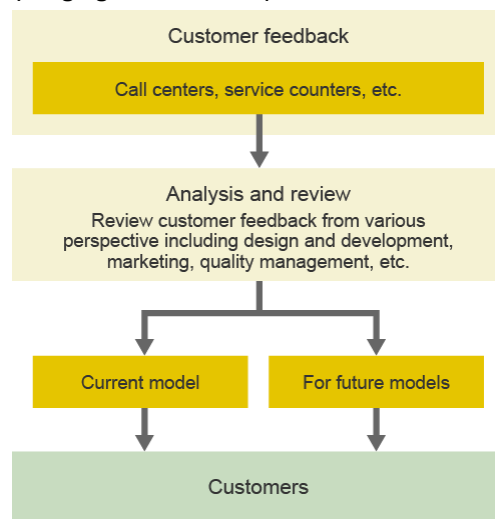
The Nikon Group provides valuable products and services with superior quality and safety to society, endeavoring to increase the satisfaction and trust of our customers.

Product Development Utilizing Customer Feedback in the Imaging Products Business

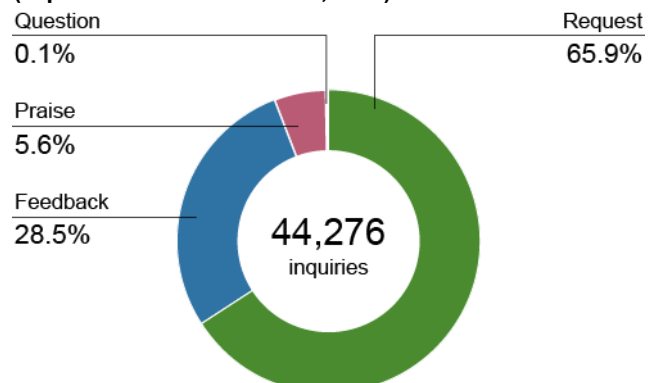
We gather feedback from general and professional users worldwide at our Imaging Business Unit through our call centers and service counters.

The feedback that is gathered from our customers is reflected in our products and services by examining the information from various perspectives after analysis through departments from development and design to marketing and quality assurance to improve the satisfaction of our customers.

Support Utilizing Customer Feedback (Imaging Business Unit)



Breakdown of Call Center Inquiries (Japan/Year Ended March 31, 2016)



Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

■ Examples Utilizing Customer Feedback in the Imaging Products Business

Example (1) Request for Control Buttons

Customer feedback:

I would like the control buttons on the back of digital SLR cameras other than the D4 (professional model) to light up in dark places.

Nikon response:

We adopted button illumination for the first time in the D500 as a DX format model to support this feature in models released in the spring of 2016.



D500 control buttons

Example (2) Request for the Touch Panel

Customer feedback:

I would like to have a digital camera with interchangeable lenses on the market that has touch AF and touch shutter functions.

Nikon response:

We built in touch AF and touch shutter functions into the Nikon 1 J5 advanced interchangeable lens camera model released in the spring of 2015 as well as the D500 SLR digital camera model to release in the spring of 2016.

■ Initiatives to Improve Services at the Imaging Business Unit

We are advancing various initiatives at the Imaging Business Unit to provide the higher quality services as we are always aware of maximizing customer satisfaction.

We have established repair facilities and direct touch points (customer windows) so that many customers will feel products close to them. These touch points in 70 countries and regions worldwide, are now in over 300 facilities as of the end of March 2016.

We also are working to share examples of success and improve problem by exchanging the latest information in addition to setting targets shared worldwide and confirming the progress by holding service manager meetings two times a year that gather together service representatives from each location around the world to improve our service level.

We are striving to educate human resources so that the highest quality of services are provided equally in any country or region, and are conducting training by dispatching service staff overseas to Japan and staff from Japan to overseas. Furthermore, we are introducing e-Learning to teach the basic required knowledge such as optical and lens education, and have conducted these courses for a total of 2,466 staff around the globe up until now, including our distributors. Additionally, we created educational materials in case-study format to distribute to each location for problematic actions related to compliance that actually occur for receptionists and technicians of the service center to connect to customers as customer support education in the year ended March 31, 2016.



Service manager meeting

Community Contribution Activities

The Nikon Group aims to contribute to the growth of a sustainable and healthy society alongside its own growth by working in community contribution activities to directly face the expectations of society in good faith.

Community Contribution Activity Policies

The Nikon Group established the Nikon Community Contribution Activity Policy to embody the fifth item of the Nikon CSR Charter, "Responsibility to society as a corporate citizen," and contribute to the sustainable and healthy growth of society, which is the foundation for a company's success. We are active in the five fields of environment, education, welfare, culture and arts as well as assistance for reconstruction in all countries and regions to expand business.

Nikon Community Contribution Activities Policy

Established October 6, 2014

Basic Policy

1. Nikon will actively engage in community contribution activities in accordance with our corporate philosophy and CSR Charter to create a prosperous society with sustainable development.
2. Nikon will conduct community contribution activities under the headings of "Environment," "Education," "Welfare," "Culture and Arts" and "Assistance for Reconstruction."
3. Nikon will provide assistance to its employees' volunteer activities.

Promotion of community contribution activities

The Nikon Group is promoting activities based on the Nikon Community Contribution Activity Policies by linking to holding companies in each region that have been established for the supervision and promotion of CSR in accordance with the CSR promotion system. This is a policy to expand activities across countries and regions through Nikon and local holding companies as well as locally-rooted activities of each business division and group company.

Guide to Nikon Community Contribution Activity Policy and check tool that incorporate opinions of regional holding companies was created in the year ended March 31, 2016 to promote activities based on the Nikon Community Contributions Activities Policy in the entire Group. In addition, implementation rate of the self-evaluation using the check tool by each Group company was set as KPI*. We are growing awareness about this policy in the year ending March 31, 2017 and implementing

measures to increase the opportunity for employees to participate in community contribution activities based on the results of the target value of the implementation rate of KPI.

* KPI

KPI stands for Key Performance Indicator. KPI are quantitative indicators to measure and evaluate the level of achievement for targets in both companies and business.

Support for Employee Volunteer Activities

The Nikon Group strives to establish an environment and create opportunities for employee volunteer activities. We provide sponsorship to activities such as participatory charity events and donation programs and offer a wide-range of opportunities so that employees can participate, which includes our volunteer leave system.

Major Initiatives

- Introduction of volunteer activities to support the reconstruction of Tohoku
- Hosting of markets encouraging the reconstruction of Tohoku
- Participatory support of a charity walk event for the United Nations World Food Programme
- Implementation of community contribution programs for efforts such as the employee cafeteria through TABLE FOR TWO
- Implementation of matching gifts to the 2016 Kumamoto Earthquake disaster relief donations

Number of Employees Participating in Community

Contribution Activities	(Unit: people)	
	'15/3	'16/3
Number of employees participating in community contribution activities (total)	2,627	4,477

■ Volunteer Leave System

Nikon Corporation allows employees to take leave to participate in volunteer activities that the company considers a valuable contribution to society such as volunteering at nursing care facilities, participating in cooperation activities conducted by international exchange delegations, and activities to support the recovery of areas affected by natural disasters.

In Japan, Nikon Group established Rules for Activities Supporting Recovery from the Great East Japan Earthquake to put systems

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

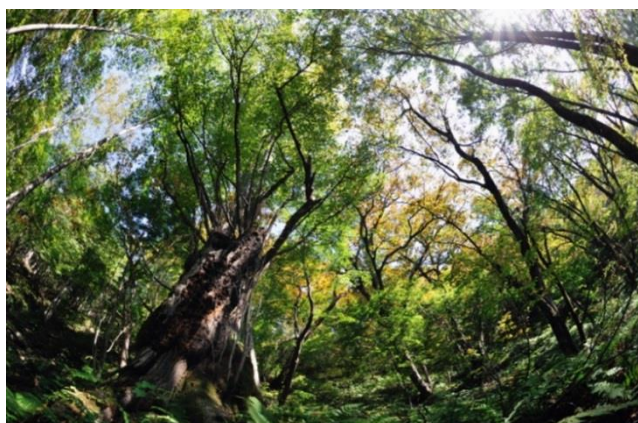
in place that support employees to volunteer for work to support reconstruction activities in areas afflicted by the Great East Japan Earthquake. Employees who participate in the recovery support activities mediated or introduced by their companies.

Environment

Believing that the resolution of environmental problems is imperative for human coexistence and sustained business growth, Nikon supports environmental conservation activities conducted by non-profit organizations and non-government organizations and works towards the environmental enlightenment of the next generation.

- Supporting the AKAYA Project in Japan for the purpose of restoring biodiversity
- Supporting the Children's Forest Program to raise awareness about the environment in the children of Thailand
- Providing Educational Tools for Next Generation Environmental Education

➤ [Community Contribution Activities in the Environmental Field \(P99\)](#)



Akaya Forest advanced by the Akaya Project (Guma Prefecture)

Education

The Nikon Group is actively involved in educating the next generation and supporting academic research. We will continuously communicate with related people so that we can

not only support them but also grow with them.

■ Nikon Scholarship Program in Thailand

The Nikon Group has operated a scholarship program in Thailand in cooperation with NPOs since 2007. The Nikon Group has built close, long-term partnerships in the business activities of the Nikon Group and Thailand where Nikon (Thailand) Co., Ltd. (Thailand) is located.

We have been supporting junior and high school as well as university students who cannot afford school educational institutes over the last nine years largely in Thailand, which has large economic disparity, through the Nikon Shanti Scholarship that is operated with the cooperation of the Shanti Volunteer Association of Japan and the local Sikkha Asia Foundation. We have supported 150 junior high and high school students and 25 university students in attending school in the year ended March 31, 2016. We have extended scholarships to support a total of 1,542 students to attend school up until now.

Furthermore, we also have them experience the fun of photographs, which Nikon is so proficient. We also have been photographing family and friends since 2013 as to encourage the study and life of scholarship students and continue efforts to give these as pictures in frames.



Scholarship conferment ceremony in Bangkok (November 2015)

■ Nikon Scholarship Program in Laos

After starting operation of Nikon Lao Co., Ltd. in Savannakhet Province, Lao P.D.R. in 2013, the Nikon Group established two scholarships in May 2014; the Nikon-EDF Japan Scholarship for Laos to support 100 junior high school students and the Nikon-JICA Scholarship for Laos to support 40 university students.

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

Nikon-EDF Japan Scholarship for Laos supports junior high school students who study hard in attending school even when it is difficult with the cooperation of the Education for Development Foundation Japan (EDF-Japan). The Nikon-JICA Scholarship for Laos, which started with the cooperation of the Japan International Cooperation Agency (JICA), extends scholarships to students studying at Savannakhet University, and contributes to the development of individuals who will improve the future of Laos and cultivate friendship with Japan. We extended scholarships to 100 junior high school students and 40 university students in the year ended March 31, 2016, which is also the second year of the scholarship.

We provide scholarship to university students, uniforms, academic supplies such as book bags to junior high school students that are chosen as scholarship students. We have also implemented Junior High School Learning Support Project aiming to donate educational support tools (textbooks in Laotian, sports supplies, and educational materials) to all 130 junior high school in Savannakhet province, and have currently sent donation to 50 junior high schools.

We will continue this program in the future to draw a bright future for the children and students of Laos.

Welfare

As a responsible member of society, the Nikon Group is conducting various activities to improve health, medical care and the welfare of society as a whole. We also have activities in which every one of our employees can participate voluntarily.

■ A Community Contribution Program Involving Cafeterias/Vending Machines

Nikon is participating in the TABLE FOR TWO (TFT) initiative. TFT is an organization that aims to address starvation in developing countries and unhealthy dietary habits in developed countries, thereby mitigating the food gap between countries and helping people lead healthier lives. A TFT meal is provided in each employee cafeteria at all Nikon plants from the Yokohama Plant, Sagami-hara Plant and Kumagaya Plant to the Mito Plant, Yokosuka Plant, and Tochigi Nikon today since it began at the Ohi Plant in 2010. When an employee buys a healthy TFT meal containing balanced nutrients, 20 yen of the price will be used to cover the cost of one school meal for a child in Uganda, Ethiopia, Kenya, Tanzania, Rwanda and Myanmar.

As the Nikon Corporation head office has no cafeteria, a vending machine was installed instead. When Nikon employees buy a drink from the machine, Nikon Business Service Co., Ltd. and Kirin Beverage Corporation donate 1% each (a total of 2%) from the sales. With the collected donation, over 100,000 school meals have been sent to children through TABLE FOR TWO International up until now from Nikon through this program.



©TABLE FOR TWO International

■ Participation in a Charity Walk Event for the United Nations World Food Programme (WFP)

The Nikon Group has participated in a charity walk event held by Japan Association for the World Food Programme since 2013. A portion of the cost of participation is donated to the school meal program that supports meals for children in developing countries. More than 87 employees from the Nikon Group participated in the event held in May 2016. Nikon became a member of the Japan Association for the World Food Programme and continually supports the exhibition for activities reports of the World Food Programme each year in Sendai since 2013.



Group photo before departing for the charity walk event (May 2016)

Number of Employees Participating in the Charity Walk Event for the WFP

(Unit: people)

Year held	Number of participants
2013	25
2014	30
2015	59
2016	87

Culture and Arts

Nikon conducts various cultural and arts related activities with an aim to create a prosperous society.

■ Nikon Photo Contest

The Nikon Photo Contest is an international photography competition that Nikon has organized since 1969. Nikon holds the contest every other year with the objective and "vision to nurture an aspirational community that supports photographers and filmmakers who wish to share important stories and influence the way people think through images." Approximately 390,000 photographers have entered the contest to date, submitting more than 1.54 million entries.

We will start the 2016-2017 contest with a call for entries in the fall of 2016 and plan to announce the winners in the summer of 2017.



"Fukushima Flowers", Grand Prize winner (photograph category) Katsuhiro Noguchi (Japan)

Assistance for Reconstruction

Nikon provides emergency support and reconstruction for areas stricken by large-scale natural disasters.

In the year ended March 31, 2016, we have provided aid to the victims of the earthquake in Nepal and the flood in north-east

Japan. In addition, we are continuing to endeavor for reconstruction support of Tohoku.

■ Photo Book Project for Junior High School Students

This project provides opportunities for junior high school students in the disaster-stricken areas to experience photography. Nikon donated digital cameras to all participating junior high schools. Students actively work for about one year to create their photo book with assistance from teachers. Nikon prints the students' work into photo books and, subsequently, presents the completed photo books to all participating students. Furthermore, Nikon helps the students by arranging photography classes and supporting exhibitions held in schools. Nikon hopes that participating students will share their feelings with others through the creative process, including taking pictures, choosing their favorites and conveying their feelings through the photos with comments. Nikon also hopes that the project will encourage the students to tap into their own individual strength for the sake of reconstruction. In the year ended March 2016, 42 schools and one organization participated in the project, and a total of 2,432 students created their own photo books.



Junior high school students from Iwate holding photo books (March 2016)

■ The Nikon Plaza Sendai

Nikon Plaza Sendai was set up by Nikon Imaging Japan Inc. as a base station for reconstruction support and it is now being operated in collaboration with the Community Contribution Section of Nikon Corporation. The Nikon Plaza Sendai is a complex facility. It provides a community space to NPOs or volunteer groups so that they may utilize the space for activities in aid of the reconstruction. The community space is also host to a variety of local cultural activities. The photo gallery is likewise provided to amateur photographers and photographic groups so that photographic exhibitions may conveniently be

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

held. Provision is also made at the facility's service center for a repair and maintenance service for imaging-related devices. Events such as the Connect Now to the Future fix point observation were held at the reconstruction exhibition held each year by the local junior high school and the local community center in the year ended March 31, 2016.

- Number of photo exhibitions and other events

Photo gallery: 24 times

Community space: 53 times (23 times held as Nikon College Sendai)

- Total number of visitors (as of the end of March 2016): 12,791



The exhibition of works by children of Shiogama City in Tohoku (March 2016)

■ Participating in the Coastal Forest Restoration Project

Nikon has supported the Coastal Forest Restoration Project since 2012. This 10-year project conducted by OISCA Japan and the Association for the Coastal Forest Restoration in Natori City aims to restore black pine trees to the coastal forests devastated by the tsunami.

This project creates jobs for regional development, and at the same time conducts restoration work. The work includes raising seedlings, planting trees and cultivating forests-to protect habitation areas and farmlands from salt damage, sand storms and storm surge as a local infrastructure.

Every year, Nikon donates money to the project, provides photo equipment, assists photo exhibitions of the project held throughout Japan by sending employees as volunteers to help out. In the year ended March 2016, Nikon Group employees participated in activities held the third Saturday of every month. Nikon also assisted OISCA's activity-reporting panel exhibition held at a concourse in JR Sendai Station and other places in Japan.



Local plant breeders planting seeds (Photo credit: OISCA Japan)

■ Volunteer Activities by Nikon Employees for Reconstruction of Areas Stricken by the Great East Japan Earthquake

The Nikon Group is encouraging voluntary volunteer activities launched by employees.

Employees participated in volunteer activities to support children's workshop on creating photo art. This workshop was held as part of the Shiogama Photo Festival in February 2016. Supported by our employee volunteers, children in Tohoku took photos by themselves, and created a work shaped like tuna using printed photos. This activity was a response to a request from the Shiogama Photo Festival execution committee, which aims to think and communicate the future of Shiogama City, Miyagi prefecture that was afflicted by the Great East Japan Earthquake through photo culture.

Other Regularly Held Reconstruction Support

In total, 680 employees have participated in volunteer activities since Nikon started supporting its employees to participate in volunteer activities for reconstruction. (In the year ended March 31, 2016, 154 employees participated in volunteer activities of the Natori City Coastal Forest Restoration Project or others.)

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities



The children workshop of the Shiogama Photo Festival (February 2016)

■ Hosting of Markets Encouraging the Reconstruction of Tohoku

Nikon holds markets to encourage the reconstruction of Tohoku as reconstruction support in an effort not needing employees to be dispatched to disaster afflicted areas. This initiative started in March 2015 to make sure the memories of the disaster do not disappear as well as to be one way to connect to the vibrancy of the region by rejuvenating the industry of areas afflicted by the disaster. Markets were held once in September and once in March of the year ended March 31, 2016 through the cooperation of an antenna shop for Iwate, Miyagi, and Fukushima prefectures that uses the second floor lobby of the head office building as the venue. Nikon holds and operates these markets with the cooperation of the four other companies in the same building. The market communicates information about these three prefectures and introduces and shows the reconstruction activities actively through the employees of each company.



Marketplace (March 2016)

■ Introduction of Matching Gifts (Donations)

The Nikon Group provides donations based on the cooperation

with the Nikon Labor Union as support to the people afflicted by the Kumamoto Earthquake in 2016. The donations given by corporate officers and employees have reached 2,066,794. The same amount was matched by the company to send a total of 4,133,588 yen in donations to the Central Community Chest of Japan.

In addition, we have provided contributions of 10 million yen to the Japanese Red Cross Society matched by Nikon.



Donation box handmade by an employee (April 2016)

Independent Practitioner's Assurance

To ensure the reliability, independent practitioner's assurance has given to the Sustainability report.

Assurance Scope

Item	Assurance scope
Environmental Management	CO ₂ emissions and those emissions per unit of sales (index) from Nikon Corporation and Group companies in Japan
	Energy use and its use per unit of sales (index) by Nikon Corporation and Group companies in Japan
	CO ₂ emissions from Group companies outside Japan
	Amount of waste disposal including valuable resources and its breakdown by category at Nikon Corporation and Group manufacturing companies in Japan
	Water use by Nikon Corporation and Group companies in Japan
	Number of cases where wastewater quality exceeded the legal standards at Nikon Corporation and Group manufacturing companies in Japan
Labor practices	Frequency rates* of lost time accidents and severity rates* at Nikon Corporation and Group companies in Japan

* Frequency rate

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

* Severity rate

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

Scope

Results for the year ended March 31, 2016

(April 1, 2015 - March 31, 2016)

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

Independent Practitioner's Assurance Report

Deloitte.

トーマツ

Independent Practitioner's Assurance Report

To the President and Representative Director of Nikon Corporation

We have undertaken a limited assurance engagement of the sustainability information (CO₂ emissions and those emissions per unit of sales (index) from Nikon Corporation (the "Company") and Group companies in Japan, Energy use and its use per unit of sales (index) by the Company and Group companies in Japan, CO₂ emissions from Group companies outside Japan, Amount of waste disposal including valuable resources and its breakdown by category at the Company and Group manufacturing companies in Japan, Water use by the Company and Group companies in Japan, Number of cases where wastewater quality exceeded the legal standards at the Company and Group manufacturing companies in Japan, and Frequency rates of lost time accidents and severity rates at the Company and Group companies in Japan) (the "sustainability information") for the year ended March 31, 2016 (from April 1, 2015 to March 31, 2016) included in the "Nikon SUSTAINABILITY REPORT 2016" of the Company.

The Company's Responsibility

The Company is responsible for the preparation of the sustainability information in accordance with the calculation and reporting standard adopted by the Company (indicated with the sustainability information).

Inherent Uncertainty

CO₂ quantification is subject to inherent uncertainty for reasons such as incomplete scientific knowledge used to determine emissions factors and numerical data.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. We apply International Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the sustainability information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements ("ISAE") 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board ("IAASB"), ISAE 3410, *Assurance Engagements on Greenhouse Gas Statements*, issued by the IAASB and the *Practical Guideline for the Assurance of Sustainability Information*, issued by the Japanese Association of Assurance Organizations for Sustainability Information.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records. These procedures also included the following:

- Evaluating whether the Company's methods for estimates are appropriate and had been consistently applied. However, our procedures did not include testing the data on which the estimates are based or reperforming the estimates.
- Undertaking site visits to assess the completeness of the data, data collection methods, source data and relevant assumptions applicable to the sites.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Company's sustainability information is not prepared, in all material respects, in accordance with the calculation and reporting standard adopted by the Company.

Deloitte Tohmatsu Evaluation and Certification Organization Co., Ltd.

Deloitte Tohmatsu Evaluation and Certification Organization Co., Ltd.
Tokyo, Japan
August 18, 2016

Member of
Deloitte Touche Tohmatsu Limited

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

* International Standard on Assurance Engagements (ISAE) 3000 and 3410

These are standards on assurance engagements that were developed by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). The 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. In particular, the ISAE 3410 prescribes the procedures of assurance engagements on greenhouse gas statements based on the ISAE 3000. To comply with the ISAE 3410, the requirements of the ISAE 3000 also need to be fulfilled.

* Inherent uncertainty

Uncertainty is inherent in greenhouse gas quantification. This uncertainty is unavoidable for any entity that performs the calculations, because the global warming potential values and other elements used for the quantification are simply scientific assumptions today, and errors generated by measuring equipment and other sources are inevitable. This uncertainty does not mean that quantified values are inappropriate. The ISAE 3410 stipulates that information can be assured as long as the assumptions are reasonable and the information is adequately disclosed

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

GRI Content Index

The following table compares "Sustainability Report 2016" and GRI Sustainability Reporting Guidelines version 4. Information related to Standard Disclosures of the GRI G4 Guidelines indicated.

General Standard Disclosures

GRI Guidelines		Corresponding item/page	
Strategy and Analysis			
G4-1	Statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	Message from the Top Management	P5
G4-2	Description of key impacts, risks, and opportunities.	Message from the Top Management Priority Issues Set Forth in the CSR Medium-term Plan Risk Management	P5 P19 P42
Organizational Profile			
G4-3	Name of the organization.	Nikon Group Profile	P3
G4-4	Primary brands, products, and services.	Nikon Group Profile	P3
G4-5	Location of organization's headquarters.	Nikon Group Profile	P3
G4-6	Number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	Nikon Group Profile	P3
G4-7	Nature of ownership and legal form.	Securities Report (Japanese only)	—
G4-8	Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	Securities Report (Japanese only)	—
G4-9	Scale of the organization, including: total number of employees total number of operations, net sales, etc.	Nikon Group Profile	P3
G4-10	Total number of employees by employment contract and gender, number of permanent employees, total workforce by region and gender, etc.	Vigorous Activities Demonstrated by Diverse Employees	P121
G4-11	Percentage of total employees covered by collective bargaining agreements.	—	—
G4-12	Organization's supply chain.	Basic Policy for Procurement	P100
G4-13	Significant changes during the reporting period.	Securities Report (Japanese only)	—
G4-14	Precautionary approach or principle addressed by the organization.	Priority Issues Set Forth in the CSR Medium-term Plan Risk Management	P19 P42

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

GRI Guidelines		Corresponding item and page	
G4-15	List of externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	Dialogue with Stakeholders Approach to UN Global Compact	P26 P28
G4-16	List of memberships of associations (such as industry associations) and national or international advocacy organizations.	Dialogue with Stakeholders Approach to UN Global Compact	P26 P28
Identified Material Aspects and Boundaries			
G4-17	List of all entities included in the organization's consolidated financial statements or equivalent documents or any entity that is not covered by the report	About Sustainability Report 2016 Nikon Group Companies (website)	P2 —
G4-18	Process for defining the report content and the Aspect Boundaries and how the organization has implemented the Reporting Principles for Defining Report Content.	About Sustainability Report 2016 Environmental Management Promotion System	P2 P63
G4-19	List of all the material Aspects identified in the process for defining report content.	Priority Issues Set Forth in the CSR Medium-term Plan	P19
G4-20	Aspect Boundary within the organization for each material Aspect.	About Sustainability Report 2016 Environmental Management Promotion System	P2 P63
G4-21	Aspect Boundary outside the organization for each material Aspect	—	—
G4-22	Effect of any restatements of information provided in previous reports, and the reasons for such restatements.	—	—
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries.	Environmental Management Promotion System	P63
Stakeholder Engagement			
G4-24	List of stakeholder groups engaged by the organization.	Dialogue with Stakeholders	P26
G4-25	Basis for identification and selection of stakeholders with whom to engage.	Dialogue with Stakeholders	P26
G4-26	Organization's approach to stakeholder engagement	Priority Issues Set Forth in the CSR Medium-term Plan	P19
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting and stakeholder groups that raised each of the key topics and concerns.	Priority Issues Set Forth in the CSR Medium-term Plan	P19
Report Profile			
G4-28	Reporting period (e.g., fiscal/calendar year) for information provided.	About Sustainability Report 2016	P2
G4-29	Date of most recent previous report (if any).	About Sustainability Report 2016	P2
G4-30	Reporting cycle (annual, biennial, etc.)	About Sustainability Report 2016	P2
G4-31	Contact point for questions regarding the report or its contents.	About Sustainability Report 2016	P2

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

GRI Guidelines		Corresponding item/page	
G4-32	The 'in accordance' option the organization has chosen, GRI Content Index, and reference to the External Assurance Report, if the report has been externally assured.	These tables Independent Practitioner's Assurance	P147 P144
G4-33	Organization's policy and current practice with regard to seeking external assurance for the report.	Independent Practitioner's Assurance	P144
Governance			
G4-34	Governance structure of the organization, including committees of the highest governance body.	Corporate Governance	P33
G4-35	Process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	Corporate Governance	P33
G4-36	Whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	CSR Promotion System Environmental Management Promotion System	P17 P62
G4-37	Processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics.	—	—
G4-38	Composition of the highest governance body and its committees	Corporate Governance	P33
G4-39	Whether the Chair of the highest governance body is also an executive officer	Corporate Governance	P33
G4-40	Nomination and selection processes for the highest governance body and its committees, and the criteria used.	Corporate Governance	P33
G4-41	Processes for the highest governance body to ensure conflicts of interest are avoided and managed.	Corporate Governance	P33
G4-42	Highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	Corporate Governance Directors and Officers (website)	P33 —
G4-43	Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	Priority Issues Set Forth in the CSR Medium-term Plan	P19
G4-44	Processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics and actions taken in response to evaluation.	Corporate Governance	P34
G4-45	Highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities and whether stakeholder consultation is used to support the highest governance body.	Risk Management	P42
G4-46	Highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	Risk Management CSR Promotion System	P42 P17

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

GRI Guidelines		Corresponding item/page	
Governance			
G4-48	Highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.	CSR Promotion System	P17
G4-49	Process for communicating critical concerns to the highest governance body.	Risk Management	P42
G4-50	Nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.	—	—
G4-51	Remuneration policies for the highest governance body and senior executives	Corporate Governance	P35
G4-52	Process for determining remuneration.	Corporate Governance	P35
G4-53	How stakeholders' views are sought and taken into account regarding remuneration.	—	—
G4-54	Ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.	—	—
G4-55	Ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.	—	—
Ethics and Integrity			
G4-56	Organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	Compliance	P47
G4-57	Internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.	Compliance	P52
G4-58	Internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	Compliance	P52

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

Specific Standard Disclosures

GRI Guidelines		Corresponding item/page	
■ Economic			
Economic Performance			
G4-EC1	Direct economic value generated and distributed	Dialogue with Stakeholders Securities Report (Japanese only)	P27 —
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	—	—
G4-EC3	Coverage of the organization's defined benefit plan obligations.	—	—
G4-EC4	Financial assistance received from government	—	—
Market Presence			
G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	—	—
G4-EC6	Proportion of senior management hired from the local community at significant locations of operation	Corporate Governance	P36
Indirect Economic Impacts			
G4-EC7	Development and impact of infrastructure investments and services supported	Community Contribution Activities	P138
G4-EC8	Significant indirect economic impacts, including the extent of impacts	Environmental Management Promotion System	P67
Procurement Practices			
G4-EC9	Proportion of spending on local suppliers at significant locations of operation	Basic Policy for Procurement	P100
■ Environmental			
Raw materials			
G4-EN1	Materials used by weight or volume.	—	—
G4-EN2	Percentage of materials used that are recycled input materials	—	—
Energy			
G4-EN3	Energy consumption within the organization	Realizing a Low-carbon Society	P74

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

GRI Guidelines		Corresponding item/page	
G4-EN4	Energy consumption within the organization	Realizing a Low-carbon Society	P74
G4-EN5	Energy intensity	Realizing a Low-carbon Society	P78
G4-EN6	Reduction of energy consumption	Realizing a Low-carbon Society	P78
G4-EN7	Reductions in energy requirements of products and services	Environmental Management Promotion System	P71
Water			
G4-EN8	Total water withdrawal by source	Realizing a Resource-circulating Society Environmental Data (Japanese only)	P93 —
G4-EN9	Water sources significantly affected by withdrawal of water	—	—
G4-EN10	Percentage and total volume of water recycled and reused	—	—
Biodiversity			
G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	—	—
G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Realizing a Resource-circulating Society	P91
G4-EN13	Habitats protected or restored.	Realizing a Healthy and Environmentally-safe Society	P98
G4-EN14	Total number of IUCN red list species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	—	—
Emissions			
G4-EN15	Direct greenhouse gas (GHG) emissions (scope 1)	Realizing a Low-carbon Society	P74
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (scope 2)	Realizing a Low-carbon Society	P74
G4-EN17	Other indirect greenhouse gas (GHG) emissions (scope 3)	Realizing a Low-carbon Society	P74
G4-EN18	Greenhouse gas (GHG) emissions intensity	Realizing a Low-carbon Society	P78
G4-EN19	Reduction of greenhouse gas (GHG) emissions	Realizing a Low-carbon Society	P78
Emissions			
G4-EN20	Emissions of ozone-depleting substances (ODS)	Realizing a Healthy and Environmentally-safe Society	P94

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

GRI Guidelines		Corresponding item/page	
G4-EN21	NOx, SOx, and other significant air emissions	Environmental Data (Japanese only)	—
Effluents and Waste			
G4-EN22	Total water discharge by quality and destination.	—	—
G4-EN23	Total weight of waste by type and disposal method	Realizing a Resource-circulating Society	P88
G4-EN24	Total number and volume of significant spills	Realizing a Healthy and Environmentally-safe Society Environmental Data (Japanese only)	P97 —
G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	—	—
G4-EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff.	—	—
Products and Services			
G4-EN27	Extent of impact mitigation of environmental impacts of products and services.	—	—
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category.	—	—
Compliance			
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Environmental Management Promotion System	P62
Transport			
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce.	Realizing a Low-carbon Society	P76
Overall			
G4-EN31	Total environmental protection expenditures and investments by type.	Environmental Management Promotion System	P67
Supplier Environmental Assessment			
G4-EN32	Percentage of new suppliers that were screened using environmental criteria.	—	—
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken.	Realizing a Healthy and Environmentally-safe Society Promoting Green Procurement	P94 P101
Environmental Grievance Mechanisms			
G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms.	Environmental Management Promotion System	P62

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

GRI Guidelines		Corresponding item/page	
■ Practices and Decent Work			
Employment			
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region.	Vigorous Activities Demonstrated by Diverse Employees	P121
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or parttime employees, by significant locations of operation.	—	—
G4-LA3	Return to work and retention rates after parental leave, by gender.	Supporting Diverse Work Styles	P128
Labor/Management Relations			
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements.	Human Resources Management System/ Human Resources Development/Labor Relations	P120
Occupational Health and Safety			
G4-LA5	Percentage of total workforce represented in formal joint management–worker health and safety committees that help monitor and advise on occupational health and safety programs.	—	—
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.	Employees' Health and Safety	P131
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation.	—	—
G4-LA8	Health and safety topics covered in formal agreements with trade unions.	Employees' Health and Safety	P130
Training and Education			
G4-LA9	Average hours of training per year per employee by gender, and by employee category.	Human Resources Management System/ Human Resources Development/Labor Relations	P119
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Vigorous Activities Demonstrated by Diverse Employees	P125
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.	Human Resources Management System/ Human Resources Development/Labor Relations	P119
Diversity and Equal Opportunity			
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	Corporate Governance	P37
Equal Remuneration for Women and Men			
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	—	—

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

GRI Guidelines		Corresponding item/page	
Supplier Assessment for Labor Practices			
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria.	—	—
G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken.	Promoting CSR-oriented Procurement Dealing with the Issue of Conflict Minerals	P103 P106
Labor Practices Grievance Mechanisms			
G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms.	Compliance	P52
■ Human Rights			
Investment			
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.	—	—
G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	—	—
Non-discrimination			
G4-HR3	Total number of incidents of discrimination and corrective actions taken	Compliance	P52
Freedom of Association and Collective Bargaining			
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights.	Promoting CSR-oriented Procurement	P103
Child Labor			
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	Promoting CSR-oriented Procurement Dealing with the Issue of Conflict Minerals	P103 P106
Forced or Compulsory Labor			
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	Promoting CSR-oriented Procurement Dealing with the Issue of Conflict Minerals	P103 P106
Security Practices			
G4-HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations.	—	—
Indigenous Rights			
G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken.	—	—

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

GRI Guidelines		Corresponding item/page	
Assessment			
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments.	Respect for Human Rights	P111
Supplier Human Rights Assessment			
G4-HR10	Percentage of new suppliers that were screened using human rights criteria.	—	—
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken.	Promoting CSR-oriented Procurement Dealing with the Issue of Conflict Minerals	P103 P106
Human Rights Grievance Mechanisms			
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms.	Compliance	P52
■ Society			
Local Communities			
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	—	—
G4-SO2	Operations with significant actual and potential negative impacts on local communities.	—	—
Anti-corruption			
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified.	—	—
G4-SO4	Communication and training on anti-corruption policies and procedures.	Compliance	P54
G4-SO5	Confirmed incidents of corruption and actions taken	Compliance	P54
Public Policy			
G4-SO6	Total value of political contributions by country and recipient/beneficiary.	Dialogue with Stakeholders	P27
Anti-competitive Behavior			
G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	Compliance	P55
Compliance			
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Compliance	P55

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

GRI Guidelines		Corresponding item/page	
Supplier Assessment for Impacts on Society			
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society.	—	—
G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken.	Promoting CSR-oriented Procurement	P103
Grievance Mechanisms for Impacts on Society			
G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	—	—
■ Product Responsibility			
Customer Health and Safety			
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	—	—
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes.	Product Responsibility	P135
Product and Service Labeling			
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements.	—	—
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	Product Responsibility	P135
G4-PR5	Results of surveys measuring customer satisfaction.	—	—
Marketing Communications			
G4-PR6	Sale of banned or disputed products	—	—
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes.	—	—

Contents / Editorial policy	Nikon Group Profile	Message from the Top Management	Feature Articles 2016	Nikon CSR	Management System
Environmental Management	Supply Chain Management	Respect for Human Rights	Labor Practices	Product Responsibility	Community Contribution Activities

GRI Guidelines		Corresponding item/page	
Customer Privacy			
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	—	—
Compliance			
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	—	—

Picture on the front cover

Golden eagle (Accipitriformes, Accipitridae), birds of prey that are positioned at the top of the ecosystem in the forest.

Illustration in "AKAYA NOTE," an environmental education tool for children. Nikon has been a long-term supporter of the AKAYA Project which aims to preserve and restore biodiversity in the Akaya Forest, which AKAYA NOTE is on. The project also conducts survey and research of golden eagles that can be an indication of a healthy forest.



AKAYA NOTE Planning and Production: Nikon Corporation Supervision: Nature Conservation Society of Japan Illustration: Misako Hirata

Providing Educational Tools for Environmental Education

 <http://www.nikon.com/about/sustainability/contribution/education/environmental-education-support/>



Nikon Corporation is recognized by SRI rating agencies, and is included in the FTSE4Good Index Series, the Morningstar Socially Responsible Investment Index (MS-SRI), the ECPI Ethical Index Global, the Ethibel EXCELLENCE (Ethibel Investment Register) and MSCI Global Sustainability Indexes.



NIKON CORPORATION
Shinagawa Intercity Tower C, 2-15-3, Konan, Minato-ku, Tokyo
108-6290, Japan
www.nikon.com

Published: August 2016

Revised: February 2017