Nikon Group Slavery and Human Trafficking Statement for the fiscal year ended March 2023

This statement is made in accordance with the United Kingdom Modern Slavery Act of 2015 to explain actions we have taken during the fiscal year ending March 31, 2023 ("FY2022"). The Nikon Group, Nikon Corporation and its consolidated subsidiaries ("Nikon", or "we"), endeavour to ensure that there are no human rights violations through our own business operations or our supply chains. We hereby provide this disclosure statement regarding our activities to prevent and tackle modern slavery and human trafficking.

a. Overview of the company, business and supply chain

Nikon has been engaged in various business fields, such as Imaging Products (digital cameras and interchangeable lenses), Precision Equipment (FPD lithography systems and Semiconductor lithography systems), Healthcare (microscopes and retinal diagnostic imaging systems), Components (optical components, EUV related components, etc.), Industry Metrology and others, based on the opto-electronic and precision technologies that Nikon has developed since its establishment in 1917. Nikon manufactures and sells such equipment and apparatuses. Also, Nikon delivers integrated solutions encompassing end products, services and components. Details of our company and business information can be found on the “Corporate Information” page of the Nikon Corporation’s website.

https://www.nikon.com/company/corporate/

Nikon’s product parts and a small portion of the final products are supplied from external procurement partners, in and outside of Japan. More than 90% (calculated by the transaction amount in the country in which their headquarters are located) of procurement partners are based in Japan, China and Thailand. Details can be found on the “Sustainability Report (Materiality 6: Strengthening Supply Chain Management)” page of the Nikon Corporation’s website.

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

b. Policies related to modern slavery and human trafficking

Nikon Code of Conduct/ Nikon Human Rights Policy

Nikon has the “Nikon Code of Conduct” ("Code") in place where we set out our stance on social responsibility and the standard of conduct for individuals who work for Nikon. (This Code is translated into 16 languages. See https://www.nikon.com/about/sustainability/nikon-sustainability/codeofconduct/). The Code includes the sections of “Respect for Human Rights” and “Social Responsibility in the Supply Chain”, where we clarify our stance against forced labour and child labour not only with respect to Nikon, but also our suppliers and business partners.

Furthermore, we launched our “Nikon Human Rights Policy” (https://www.nikon.com/about/sustainability/society-labor/human-rights/human_rights_policy.pdf ) ("Policy") in April 2019 in order to provide further detail on our approach to addressing human rights issues related to our business activities, based on the Code. In the Policy, we identify seven issues as particularly relevant to our business that we commit to addressing, including “Prohibition of Forced Labour and Child Labour” and “Working Hours and Wages”. We also state our commitment to respect the ten principles of the United Nations Global Compact, International Bill of Human Rights, International Labour Organization’s Declaration on Fundamental Principles and Rights at Work, as well as the United Nations Guiding Principles on Business and Human Rights.

Nikon is a member of the Responsible Business Alliance (RBA), the world’s largest industry coalition dedicated to corporate social responsibility (CSR) in global supply chain. Nikon strives to comply with the RBA’s code of conduct which specifies responsibilities for member companies, such as to improve working environments in their own organisation and supply chains or to support the rights and wellbeing of employees.
Nikon CSR Procurement Standards

The Nikon Group recognises that CSR procurement activities are essential for the sustainable development of business, both for ourselves and for our procurement partners. As for our supply chain, we require our procurement partners to comply with the “Nikon CSR Procurement Standards” (https://www.nikon.co.jp/corporate/procurement/pdf/CSR-procurement1_3_e.pdf), which defines our stance on CSR. The Standards are based on the RBA’s code of conduct, which articulates the prohibition of forced and child labour, bonded (including debt bondage) or indentured labour, involuntary prison labour, and slavery or trafficking of persons, as well as the requirements on working hours and wages.

Responsible Minerals Sourcing Policy

In response to issues related to conflict minerals, we stipulated the “Responsible Minerals Sourcing Policy”. Recognising there are mineral resources that are extracted and traded in conflict-affected and high-risk areas which may become a source of human rights abuses that include child labour and forced labour, or a source of environmental destruction, conflict, and social injustice, we are collaborating with our procurement partners on surveys of conflict mineral sources and on due diligence. Details can be found on the “Responsible Minerals Sourcing Report” page of the Nikon Corporation’s website. https://www.jp.nikon.com/company/sustainability/society-labor/supply-chain/Responsible_Minerals_Sourcing_Report_2022_Survey.pdf

c. Due diligence process related to modern slavery and human trafficking
d. Risk assessment and risk management related to modern slavery and human trafficking
e. Measurement by appropriate indicators and effectiveness of steps to endeavour to ensure that slavery and human trafficking is not taking place

Nikon

In our Human Rights Policy, we identify seven human rights issues as particularly relevant issues to our business; “Prohibition of Forced Labour and Child Labour”, “Elimination of Discrimination and Harassment”, “Occupational Health and Safety”, “Freedom of Association and the Right to Collective Bargaining”, “Working Hours and Wages”, “Right to Privacy” and “Human Rights Issues in the Supply Chain”. We seek to continually improve our approach to address these issues.

Within Nikon, we conduct human rights and labour monitoring surveys annually to ensure child and forced labour practices are not occurring.

In FY2022, we conducted interviews with business managers regarding the outlines of the business and their value chain for the new business areas (contract cell manufacturing, imaging solution). Also, we identified human rights risks of rightsholders at each stage of the value chain and conducted an evaluation of the severity and frequency of the occurrence. The finding of the interviews are that there was no employment of migrant workers or foreign technical trainees in this new business at this moment, and that no serious human rights risks were identified. We will continue to perform periodical checks in the business areas.

We also performed annual checks at our manufacturing sites, including those where we had migrant workers (or foreign technical trainees in Japan) under our employment, since these individuals are likely to be exposed to the risk of forced labour. We did not identify any issues that may be considered as high risk in FY2022.

Furthermore, in FY 2022, in order to understand the status of conformation of the RBA Code of Conduct throughout the entire Nikon Group, we conducted training and self-check regarding the RBA Code of Conduct at 18 business facilities in and outside of Japan. We confirmed the assessment results and summarized feedback for improvement and resolution of issues at each business facilities. In FY 2023, we plan to make group-wide efforts to improve and resolve the issues identified in the assessment. In addition, based on the results of the RBA’s VAP (Validated Assessment Program) audit conducted at the Kumagaya Plant in Japan in FY2022, we have also prepared a response manual in the case where a child labour is found
during the identity verification process at the time of employment (including labour agents/contractors and onsite service providers).

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

**Supply Chain**

In our supply chain, we request our procurement partners to comply with the Nikon CSR Procurement Standards, which is explicitly mentioned in the basic transaction agreement. For important tier 1 procurement partners that account for the top 80% of transaction volume, we implement CSR assessments (self-assessment survey) once every three years. For procurement partners that are determined to be critical or high risk, we conduct third-party audits and take corrective action if needed for supply chain risks, including modern slavery and human trafficking.

In FY2022, we conducted the revision of the CSR survey questionnaire based on the RBA's SAQ to achieve efficient and effective CSR surveys and risk analysis. By revising the high-risk assessment criteria (from less than 65% to less than 60% for each assessed category), we can now rigorously understand the status of CSR initiatives and address the risks.

We provide support to those who do not reach the required level of compliance for a certain period to make improvement. We may terminate the transaction in cases where they are not willing to cooperate.

We conducted CSR audits (third-party audits) for two procurement partners in Thailand in FY2022. We identified several issues in labour, health and safety, ethics, and management systems. Among them, the identified priority issues were “the lack of notification of contract details in written form for fixed-term employment”, “unnecessary medical checks prior to employment”, “lack of policy and procedures for non-discrimination and response to discrimination”, “unpaid health examination fees for new hires”, “lack of notification of special retirement benefits at the end of employment contracts”, and “long working hours”.

We have shared the issues with the partners and requested for the improvement; making the corrective action plans, monitoring the progress and confirming the results based on the evidence. The improvement will be completed within FY2023.

In addition, we conducted a CSR survey for the seven new procurement partners, confirmed that they reached the target, and began transactions as a procurement partner. Also, we conducted a CSR survey for 10 key partners (7 companies in Japan, 3 companies outside of Japan) in tier2 and beyond procurement, and confirmed that they reached the target standards. In FY2023, we plan to conduct an assessment once every three years targeting important procurement partners in tier 1.

In light of conflict mineral issues, we endeavour to prevent human rights violations, such as modern slavery and human trafficking, through implementing our Responsible Minerals Sourcing Policy and conducting investigations of our product components on usage and supply chain of mineral resource. In FY2022, regarding the cobalt survey, we expanded the survey scope and conducted surveys in four business unit in addition to the ongoing 3TG* surveys towards products of all Business Units.

*tin, tantalum, tungsten and gold.

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

We consider it important to raise awareness and increase sensitivity on human rights risks among employees in order for our company to respond to human rights issues including modern slavery and human trafficking.

**Nikon**

In FY2022, we continued to conduct training on human rights for all directors and employees in Nikon group
companies in Japan through e-learning as in the previous period. The completion rate was 92%. Every year on Human Rights Day in December, the CEO’s message outlining our principle on respecting human rights is communicated to employees globally via our newsletter. The theme for FY2022 was "Respect for human rights is the foundation for realizing the medium-term plan." For the quarterly global newsletter on promoting internal sustainability awareness, we have conveyed to our group that materiality changed from "strengthening supply chain management" to "building resilient supply chains" in FY2022 and the terms "resilient" and "building" imply our intention to create and maintain supply chains that are mindful of human rights issues such as child labour.

In Europe, we had training sessions on modern slavery and human trafficking, targeting employees who are in the functions to hire people, to procure/purchase goods & services, to maintain offices/shopfloor. In total 151 employees completed the training in the Netherlands head office and UK branch office, Optos plc, Nikon Metrology UK Ltd., and Nikon X-Tek Systems Ltd.

In addition, we conducted training of RBA Code of Conduct at Nikon’s production facilities and production companies in and outside of Japan.

**Employees of our procurement departments/sections and procurement partners**

For our supply chain, we held annual explanatory sessions for our procurement partners to inform them about Nikon Group’s procurement and ESG policies and approaches, as well as to promote compliance with the "Nikon CSR Procurement Standards". In FY2022, we held explanatory sessions for our Supply Chain Subcommittee, whose members include the Procurement and Quality Control department managers from each business unit. Furthermore, explanatory sessions were held in Japan, China and Thailand for procurement partners as well as our employees who were responsible for procurement.

During the explanatory sessions, we explained about "supply chain information management", "quality management", and "procurement standards and initiatives related to human rights, labour, and the environment". We also introduced "human rights due diligence", which has become particularly important in recent years. A total of 1,268 people from 1,004 procurement partners participated in the explanatory sessions, allowing us to communicate effectively. We also provide similar training internally to employees in charge of procurement including new employees.

This Statement was reviewed and approved by the Nikon Corporation’s Board of Directors on 07/09 2023.

Further, this Statement was reviewed and approved by Nikon Europe BV’s Board of Directors on 03/08 2023, Optos plc’s Board of Directors on 09/08 2023, Nikon Metrology UK Ltd.’s Board of Directors on 08/08 2023, Nikon X-Tek Systems Ltd.’s Board of Directors on 08/08 2023, and Nikon Precision Europe GmbH’s Board of Directors on 03/08 2023. All of these companies are subject to the UK Modern Slavery Act.

15/09 2023

Toshikazu Umatate
Representative Director
President
Nikon Corporation

15/09 2023

Masahiro Horie
Director & President
Nikon Europe BV
15/09 2023

Robert Kennedy
Director and Chief Executive Officer
Optos plc

15/09 2023

Berend van Iterson
Director & President
Nikon Metrology UK Ltd.

15/09 2023

John Batchelet
Director & President
Nikon X-Tek Systems Ltd.

15/09 2023

Harumi Sawada
President
Nikon Precision Europe GmbH